



Daily Report

Latin America

FBIS-LAT-94-160
Thursday
18 August 1994

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Mercosur Jurisdiction Protocol Published

PY1808030094 Sao Paulo GAZETA MERCANTIL in Portuguese 8 Aug 94 p 8

["Text" of the Protocol of Buenos Aires on International Jurisdiction on Contractual Matters, signed by the foreign ministers of the Mercosur member countries in Buenos Aires "in August 1994"]

[Text] Whereas,

The Treaty of Asuncion, which was signed on 26 March 1991, establishes the signatory states' commitment to harmonize their laws in pertinent areas;

Reaffirming the signatory states' will to formulate common juridical solutions for strengthening the integration process;

Emphasizing the need to grant to the private sector of signatory states a context of juridical security, which may guarantee fair solutions and international harmony in court and arbitration decisions linked with contracting within the context of the Treaty of Asuncion;

Convinced of the need to adopt common international juridical rules on contractual matters, with the objective of promoting economic relations within the private sector of signatory states;

Being aware that in the area of international business, contracting is the juridical expression of the trade that stems from the integration process;

The Governments of the Argentine Republic, of the Federative Republic of Brazil, of the Republic of Paraguay, and of the Republic of Uruguay hereby decide:

TITLE I

Jurisdiction

Article 1.

This Protocol will apply to international disputes affecting international contracts of civil or commercial nature, signed by private parties—individuals or corporations:

- a) if such parties have their domicile or headquarters in various signatory states of the Treaty of Asuncion;
- b) if at least one of the parties to the contract has its domicile or headquarters in a signatory state of the Treaty of Asuncion and, in addition, if an agreement has been made selecting a court of a signatory state, and if such selection is reasonable by the norms of this Protocol.

Article 2.

The jurisdiction of this Protocol excludes:

1. the juridical relations between broken parties and their creditors, and other similar proceedings, especially the composition of creditors;
2. the matters falling under agreements dealing with family law and succession;

3. the social security contracts;
4. the managerial contracts;
5. the labor contracts;
6. the sale contracts;
7. the transport contracts;
8. the insurance contracts;
9. the property rights.

TITLE II

International Jurisdiction

Article 3

The international proceedings requirement, in matters dealing with contracts, will be considered to have been met when a court of a signatory state assumes jurisdiction in keeping with the terms of this Protocol.

CHAPTER I

Election of Courts

Article 4

1. The disputes stemming from international contracts of civil or commercial nature will be adjudicated by the courts of signatory states that the contracting parties selected in a written agreement, provided the selection was not made abusively.

2. Arbitration tribunals may also be elected.

Article 5

1. The selection of a court can be made at the time the contract is signed, during implementation of the contract, or after the beginning of a dispute.
2. The effects and the validity of the selection of a court will be ruled by the applicable laws of the signatory states, in keeping with the terms of this Protocol.
3. In any event, the laws that are more favorable to the validity of the selection will apply.

Article 6

Whether or not a court has been selected, jurisdiction will be transferred to the signatory state where legal action is taken, provided the party against whom the action has been taken voluntarily and expressly agrees to it

CHAPTER II

Alternate Jurisdiction

Article 7

If no agreement has been reached, the party filing the legal action will select the courts in:

- a) the place where the contract has to be implemented;
- b) the place where the defendant has his domicile;
- c) the place where the accusing party has his domicile or headquarters, provided he proves that he complied with the terms of the contract.

Article 8

1. For the purpose of paragraph a) of Article 7, the place where the contract has to be implemented is the signatory state in which the obligation that has motivated the dispute has to be complied with.

2. The obligation that gave rise to the dispute will be complied with:

a) in the contracts dealing with specific, individual things, the place where such things were at the time the contracts were signed;

b) in the contracts dealing with things that are specified by their nature, the place where the accused party had his domicile when the contracts were signed;

c) in the contracts dealing with perishable consumer goods, the place where the accused party had his domicile when the contracts were signed;

d) in the contracts dealing with the rendering of services:

1. if the services affect things, the place where such things were at the time the contracts were signed;

2. if their efficiency is related to a specific place, the place where the effects had to be produced;

3. for other cases, the place where the accused party had his domicile when the contracts were signed.

Article 9.

1. For the purpose of paragraph b) of Article 7, the domicile of the accused party will be:

a) if the accused party is an individual:

1. his habitual residence;

2. as an alternate possibility, his main business base;

3. and in other cases, the place where he is staying, or simply his residence.

b) if the accused party is a corporation, the management's main headquarters.

2. If the corporation has branches, facilities, agencies, or any other kind of representation, its domicile will be considered the place at which they are operating, under the jurisdiction of local authorities as far as the operations performed therein are concerned. This will not preclude the accusing party's right to take action with the court in the place of the management's main headquarters.

Article 10

The judges of the place where the corporation has its main management headquarters will adjudicate the disputes arising among partners about partnership matters.

Article 11.

The corporations headquartered in a signatory state, which sign a contract in another signatory state, can be brought before the judges of the latter state.

Article 12.

1. If charges are pressed against several parties, jurisdiction will correspond to the signatory state in which any of them has his domicile.

2. The disputes over obligations involving personal guarantees or the intervention of third parties can be raised before the court that is hearing the main case.

CHAPTER III

Countersuits

If countersuits are based on actions or facts that gave rise to the main lawsuit, they will be adjudicated by the judges hearing the main lawsuit.

TITLE III

Jurisdiction as a Requirement for Recognition and Execution of Sentences and Arbitration Rulings

Article 14. [no Article 13 as published]

The international jurisdiction, which is regulated by paragraph C of Article 20 of the Protocol of Las Lenas on Cooperation and Jurisdictional Assistance in Civil, Commercial, Labor, and Managerial Areas, will be subject to the terms of this Protocol.

TITLE IV

Consultations and Settlement of Controversies

Article 15.

1. The controversies arising among signatory states from the application or interpretation of or noncompliance with the terms of this Protocol will be resolved through direct diplomatic negotiations.

2. If such negotiations do not succeed, or if the controversy is resolved only partially, the proceedings provided for in the System for the Resolution of Controversies—which is in force among the signatory states of the Treaty of Asuncion—will be applied.

TITLE V

Final Dispositions

Article 16

1. This Protocol, which is part of the Treaty of Asuncion, will come into force 30 (thirty) days after registration of the second ratification instrument by the first two signatory states that ratify it.

2. For the other signatory states, it will come into force on the 30th (thirtieth) day after registration of the respective ratification instrument, and in the order in which ratification instruments were registered.

Article 17.

Any state joining the Treaty of Asuncion will automatically endorse this Protocol.

Article 18.

1. The Government of the Republic of Paraguay will be the depositary of this Protocol and of the ratification instruments, and will send duly authenticated copies to the governments of the other signatory states.

2. The Government of the Republic of Paraguay will notify the governments of the other signatory states

about the date of enforcement of this Protocol, and about the date of registration of ratification instruments.

Written in the City of Buenos Aires, in August 1994, in one original version in Portuguese and Spanish languages, both texts being equally authentic.

[Signed] For the Government of the Argentine Republic, Guido Di Tella;
for the Government of the Federative Republic of Brazil, Celso L. N. Amorim;
for the Government of the Republic of Paraguay, Luis Maria Ramirez Boettner;
for the Government of the Republic of Uruguay, Sergio Abreu.

Mercosur Export Incentives Resolution

PY1708144094 Sao Paulo GAZETA MERCANTIL in Portuguese 8 Aug 94 p 8

["Text" of Common Market of the South, Mercosur, Decree 10/94 on export incentives]

[Text] Mercosur Member Countries's Coordination of the Application and Use of Incentives on Exports.

Reference: Article 10 of the Asuncion Treaty, Decisions 1/92, 1/93, and 13/93 of the Common Market Council, and Resolution 39/94 of the Common Market Group.

Considering:

The commitments within the framework of GATT that in the area of incentives on exports have been assumed by member states;

The suitability of admitting some of those incentives into interregional trade, as long as they are coordinated with Mercosur tax conditions;

The Common Market Council decides:

Article 1. Member states commit themselves to applying incentives on exports respecting the dispositions resulting from obligations assumed within the framework of the GATT agreement, and in a way that is compatible with what is agreed in this decision.

Article 2. As of 1 January 1995 member states will be required to consult with one another for the creation or concession of any new incentive on exports, as well as for maintaining existing incentives.

Article 3. Member states will abstain from using foreign exchange incentives that might imply the concession of subsidies, understanding as such the implementation of multiple foreign exchange systems, or other systems establishing a discrimination in favor of export or import operations or in favor of specific export or import products.

Article 4. Member states will be allowed to give development loans and financing to their exports when they

are granted with terms and interest that are compatible with the internationally accepted practice for equivalent operations.

Article 5. Member states will be allowed to return, entirely or partially, the indirect taxes paid by exporters or accumulated in previous periods in the production of exported goods, in accordance with GATT dispositions.

The level of return will not exceed the amount of indirect taxes on sales or on consumption effectively paid by exporters or accumulated in earlier production stages.

Article 6. Member states will be empowered to exempt export goods from paying indirect internal taxes.

Article 7. Member states will be allowed to permit their exporters to use "drawback" or temporary admission schemes, according to the terminology effectively used today in member states, involving the suspension, exemption, or restitution of taxes on goods used for the improvement, manufacture, supplementation, or enhancement of other export items.

In the suspension mode, the "drawback" regime will consist of the suspension of tax payments on the import of goods used for the improvement, manufacture, supplementation, or enhancement of other export items. The maximum suspension period will be two years, except in cases involving the import of goods used for the production of long production cycle capital goods, in which case the period will be extended to up to five years.

In the exemption mode, the "drawback" regime will consist of the exemption from paying taxes of goods imported in quantity and quality equivalent to those used for the improvement, manufacture, supplementation, or enhancement of exported goods.

Under the tax return mode, the "drawback" regime will consist of the partial or total return of taxes that were paid on imported merchandise or on merchandise used for the improvement, supplementation, or enhancement of exported goods.

The "drawback" regime may also be granted for raw materials and other products which, even if not part of an exported good, are used for production in conditions that justify the concession.

Article 8. Signatory states may grant to their exporters a customs deposit regime for exportation, in the common and special modes, permitting the storage of merchandise in a specific place, under fiscal control and with suspension of the payment of taxes.

Under the common mode, exporters may deposit at the customs facility merchandise destined for the external market. The common mode will be considered to have begun on the date the merchandise arrived at the customs facility.

Under the special mode, the merchandise purchased for the specific objective of exportation may be put in storage at the customs facility, or the exporter may negotiate their direct shipment. The special mode will be considered to have begun as of the date the merchandise left the supplier facility. Fiscal incentives on exports will be permitted as of that date.

Merchandise may remain under the customs deposit regime for exportation for up to one year, which can be extended to a maximum of three years.

Article 9. Signatory states may grant an industrial deposit regime to a specific enterprise of an industrial sector, with the objective of importing—with suspension of taxes and under customs control—merchandise that, after undergoing industrialization processes, is destined for the foreign market. The period during which the imported merchandise may remain under the industrial deposit regime will be established in keeping with the needs of each case.

The industrial enterprises that are established in the territory of Mercosur countries which are habitual beneficiaries of the special "drawback" customs regime, or which have been authorized to operate under the industrial deposit regime, may be granted a customs distribution deposit regime, with the objective of permitting the storage of imported merchandise that has no exchange rate safeguards and is destined for exportation or reexportation to third countries. The imported merchandise will be of the same trademark adopted by the beneficiary firm, and will be produced by enterprises that are established abroad and are linked with the beneficiary firm, irrespective of trademark origin or source.

Article 10. If the returned, suspended, or exempted taxes paid on merchandise imported for use in the production of exportable goods surpass the amounts actually returned, suspended, or exempted, such a surplus will be considered a subsidy stemming from the application of the regimes mentioned in Articles 6, 7, 8, and 9.

Article 11. Signatory countries will implement systems for mutual checking and control of the total or partial return of indirect taxes, and for the classification of imported goods and control of their final integration into the goods to be exported, in order to avoid distortions of the abovementioned special customs regimes.

Signatory countries will also adopt the necessary measures to prevent other sector, regional, or tax incentives which domestic regulations consider favorable for the export sector from affecting intra-regional trade.

Article 12. Export incentives may not apply to intra-regional trade, with the following exceptions:

a) Long-term financing of capital good exports: Incentives may be granted under the conditions described in Article 4.

b) Returning or exempting of indirect taxes: Such taxes may be returned or exempted under the terms of Articles 5 and 6, provided the same taxation conditions apply to products within Mercosur.

c) Special customs regimes, which may be granted under the terms of Articles 9, 10, and 11 for raw materials, parts, or pieces used for the production of goods, subject to the terms of Paragraphs 1 and 2 of Article 2, concerning the Context for Application of the Mercosur Regime of Origin: The Mercosur Commission of Commerce will analyze the scope and limitations of those regimes for intra-regional trade, and will propose adjustments that may be necessary for preserving the External Common Tariff protection.

Article 13. The Mercosur Commission of Commerce will be the organ in charge of supervising compliance with the current agreement.

Article 14. If a signatory country is affected by the application of incentives, it will submit to the Mercosur Commission of Commerce the respective evidence, so that after evaluation of the evidence and within a period not longer than 90 days, this organ may submit its conclusions to the Common Market Group.

Cuba

Haitian Order on Media 'Clear Message' to U.S. Embassy

FL1708151494 Havana Radio Reloj Network in Spanish 1406 GMT 17 Aug 94

[Text] The Haitian Information Ministry has stated that all reporters must obtain authorization before reporting abroad any information obtained from any of the embassies in Haiti. The government measure sends a clear message to the U.S. Embassy and Stan Schragar, spokesman in Port-au-Prince. Schragar has issued a number of statements during the Haitian crisis, after constitutional President Jean-Bertrand Aristide was ousted in September 1991. The Haitian Information Ministry has taken several measures to restrict the media since de facto President Emile Jonassaint took power. The media works under the Haitian Government threat, repeated since June, to confiscate by means of transmission [por medios de transmision] both local and international media. The media is not allowed to be near certain strategic areas.

GRANMA Warns Haitians at Guantanamo May Provoke Armed Clash

PA1708214894 Havana PRENSA LATINA in Spanish 1724 GMT 17 Aug 94

[Text] Havana, 17 Aug (PL)—The official daily GRANMA today warned that rebellious Haitian refugees at Guantanamo Naval Base could provoke "warmongering incidents between the Cuban and U.S. Armies guarding the enclave."

Reporting on last weekend's protests by 16,000 Haitians kept at the base after fleeing their country in search of political asylum in the United States, GRANMA says demonstrators jumped into the sea, "apparently believing they were headed toward Cuban territory."

The newspaper questions what would have happened if the rebellious Haitians had run into the mines located on either side of the fence that surrounds the U.S. military installation. This base, established in 1902, is considered illegal by the current government in power in Cuba since 1959.

GRANMA also believes that a detonation of the mines could provoke an armed clash between guards on both sides, and it points out that "without asking Cuba's opinion, Washington has kept 16,000 Haitians far away from its coasts" in Cuban territory.

On 16 April, General Raul Castro, minister of the Cuban Revolutionary Armed Forces, also warned of the danger to regional security and detente caused by illegal departure attempts by Cuban citizens by way of the base.

Within the past two weeks, the hijacking of two vessels by Cubans who were later given shelter in the United States (including the murderer of a naval lieutenant) has

introduced a new chapter of friction in Havana-Washington relations—relations that were severed more than three decades ago.

GRANMA adds: "The smell of provocation from this behavior comes as no surprise to anyone, especially considering that the instigators have not hesitated to use the most preposterous weapons against the revolution, and now we cannot overlook the threat that this may expose the Guantanamo area and its population to possible diseases."

The newspaper points out that the Cuban Government has evidence that disease vectors originating from the base have infected other areas of the Cuban territory.

GRANMA Criticizes Haitian Situation at Guantanamo

FL1708212194 Havana Radio Rebelde Network in Spanish 1700 GMT 17 Aug 94

[From the "National Radio News"]

[Text] GRANMA newspaper today published on its front page an article by Domingo Horta dealing with the Haitian situation at the Guantanamo Naval Base, entitled, Stop Accumulating and Manipulating Risks. The article refers to an AFP Washington report dated 15 August and published by GRANMA on 16 June, warning about the dangerous situation building up at Guantanamo Naval Base, with approximately 16,000 Haitians in subhuman and overcrowded conditions. To prove that whoever plays with fire faces the risk of getting burnt, the news report reveals—quoting Pentagon sources—the incidents and skirmishes that occurred at the military enclave on 13 August, when 45 Haitians and 20 U.S. military were injured, and order was not restored until four hours later.

In light of the much-publicized Cuban rows of recent days, the brutality of this situation and its incidents might have gone unnoticed had it not been for a more explosive element—that 120 refugees jumped in the water to swim toward the other shore of the base, apparently believing they were on their way to Cuban territory.

What would happen if the long-suffering Haitians, sufficiently humiliated by the conditions in which they live and subject to discriminatory treatment by those who refuse to receive them on their own territory, in their efforts to abandon the naval base, would fall into the minefields located on either side of the fence or, in their desperation, provoke armed incidents between the two Armies that guard the enclave?

GRANMA newspaper recalls that on 16 April, FAR [Revolutionary Armed Forces] General Raul Castro warned of the danger of attempts by Cuban citizens to illegally depart through the base, so far as the area's security and detente are concerned. It also mentions a more recent issue: The 10 August Foreign Ministry

declaration of strong opposition to the use of the Guantanamo Naval Base as a concentration camp for Haitians.

GRANMA newspaper wonders: Is it not time that the United States, aggressive usurpers of a piece of national territory, put an end to this new use of the obsolete military facility? According to our Commander in Chief Fidel Castro, this is one of the rudest, most unfair and arbitrary things done at the Guantanamo Naval Base, without even requesting Cuba's opinion—the only component with the moral and legal strength to decide what will be done on its own soil. The North Americans have invented a plan to lodge 20,000 Haitians close to us, and far from their own coasts. Within a matter of days, the project reached 2,500 persons, and is now close to 16,000.

GRANMA says no one fails to notice the reek of provocation emanating from this action, particularly when those who inspired it have not hesitated to use the most incredible weapons against the Revolution. In addition, they expose Guantanamo and its population to possible diseases. There is proof that vectors from the base have infected other areas of our national territory.

The Cuban Government once again demands that the North American authorities put an end to the illegal transfer of Haitian emigrants to Guantanamo Naval Base; and demands, in the name of the most elemental human rights, that politicians stop trafficking in human rights. The article published today by GRANMA also asks: Would it not be appropriate that those who claim they are the champions of human rights pay attention to harebrained decisions such as these? Nothing is so far from being a government's serious and wise decision than accumulating and manipulating risks.

Commentary: U.S. Responsible for Hijackings, Murders

PA1808022294 Havana Radio Havana Cuba in Spanish 0000 GMT 18 Aug 94

[Commentary by Roberto Morejon from the "Evening Information Review" newscast]

[Text] Havana has returned to normal following the past few stormy days unleashed by criminal and antisocial groups that tried to establish anarchy in the country. Calm has returned, and the time is now appropriate to analyze what engendered this situation and who is to blame.

The Cuban people have no doubts that the 13 de Marzo tugboat tragedy—the tugboat sank seven miles off the Cuban coast after being hijacked to the United States—was the spark Washington had been looking for a long time to promote internal unrest. Between 26 July, when a group of antisocials hijacked a passenger boat and sailed to the United States, and 8 August, the hijackings continued. Although not all of the hijackers made it to Florida, many of the people who remained behind and

planned to leave the island in a similar manner felt encouraged to imitate these people.

Most of the U.S. radio stations that broadcast subversive messages to Cuba on 17 frequencies more than 1,000 hours a week insisted on reporting the extremely revealing detail that the U.S. Coast Guard was picking up the illegal rafters [balseros] long before they reached the Florida coast. In addition, U.S. Secretary of State Warren Christopher, State Department spokesmen, and Attorney General Janet Reno all reaffirmed that the United States would maintain its traditional immigration policy toward Cuba—in other words, the quick and enthusiastic acceptance of the so-called rafters, criminals, and hijackers, as well as limiting the issuance of visas to those who request them in Havana.

It was not by chance that only a few hours after these statements were made, several hundred people boarded a boat in Mariel. With the help of the boat captain, they planned to sail for the United States. Even though the attempt was foiled, it is clear that the attackers received a shot of encouragement when Washington reiterated its usual immigration policy—a reiteration that was underscored by the anti-Cuban stations.

The United States must, therefore, be held responsible for the hijackings, hostage-taking, and murders of two Cuban officers who were fulfilling their duty of protecting the people's property. Until the day the United States decides to sit down to talk with Cuba to find solutions to these problems—serious, in-depth, and immediate solutions, such as the lifting of the economic blockade and an end to encouraging terrorism—Cuba will be exposed to the dangers created by the illegal exodus.

Former CIA Agent Views U.S. Fears of Mariel

PA1708231494 Havana PRENSA LATINA in Spanish 1518 GMT 16 Aug 94

["Exclusive commentary" by PRENSA LATINA contributor Mauro Casagrandi: "A Second Mariel?"—PRENSA LATINA prefaces this item with the following: "The author, an Italian citizen, is currently a business representative for foreign companies in Cuba. On 28 July 1987, it was learned that Casagrandi, charge d'affaires of the Republic of Malta, who represented several commercial firms and who was on the CIA payroll for 12 years, was actually a Cuban intelligence agent code-named 'Mario.'"]

[Text] Havana—In the eyes of an average Westerner, it was like a movie, a repeat of a scene from 1989: After a few demonstrations, Germany, Czechoslovakia, Bulgaria, Romania were toppled. Just like an explosion destroys a bomb and leaves no traces, or like a so-called "implosion" that destroys from within, the former European socialist countries became victims of their own actions, unable to withstand strikes or protests.

Bombarded by television and newspapers; lulled by commentaries from experts; hypnotized by public debates; weakened by politicians; and buffeted by constant messages—messages such as “The end of Fidel is at hand,” “The last days of the Cuban Revolution are here,” and similar ones—Western observers expected to see at any time the tyrant’s escape or his death, to see the jubilant masses welcoming some Yankee official, and to see the words “end of the program,” after which they could turn their attention to yet another of the countless topics constantly in the news: another Gulf War, the people of Rwanda dying, ETA [Basque Fatherland and Liberty] or IRA bombings, or Michael Jackson’s wedding to Elvis Presley’s daughter.

I believe the main Yankee considerations, or at least those on which the U.S. Government’s policy toward Cuba are based, are very much like the simplistic perceptions the average Western observer has. While the latter’s perceptions are justified, because they are based on the pictures he sees, in the case of the U.S. Government there are only two possible explanations: Either it is the victim of its own fabrications, or it is the victim of those who really manipulate facts and circumstances and make Washington’s policy toward Cuba follow the absurd path we see every day.

I say this because I had the privilege of being a personal witness to the terrible shock that Mariel represented to them and how the prevention of a similar boatlift became a permanent topic of discussion.

During the Mariel crisis, they even asked my advice on how to stop it, and during the time I was a CIA agent, I was constantly asked to get information on the Cuban Government’s possible plans for another Mariel. In other words, any sensible person would know that the United States was well aware that the hijackings and demonstrations it recently provoked would trigger a reply from Havana.

The United States, however, seems surprised, nervous, and scared while the topic remains atop the news.

What is the reason for this? Why does NBC in the same report show the applause with which the terrorist and murderer was received... and U.S. Secretary of State Warren Christopher announcing measures for military protection of U.S. coasts, seizing U.S. vessels coming to Cuba, and other measures to prevent another Mariel?

The answer is that this time there is a new factor that undoubtedly will help them carry out their plans—namely, the difficult economic situation the island is facing. They were sure the revolution would not be able to withstand an explosive social situation, which they tried to provoke in the ways we have all seen.

The hijacking of tugboats and small launches were the spark they prepared. They thought that the tense atmosphere they created in the region would create a field in which general riots would erupt. When the disorders

began, however, it turned out that there were many more revolutionaries than scums in the streets. The surprise was even greater when Cuban President Fidel Castro appeared with the people.

They realized that once again the revolution, skillfully directed by Fidel Castro, turned the situation in its favor, that their plan failed, and that they were the ones wounded. They have not seen the revolution falter, and now they have a Mariel looming over their heads, despite their famous plan—Collapse Without Mariel.

What is the strategic lesson from these events? Well, it is this: that they will not be able to topple the Cuban Revolution, not even through hunger. This is what they should consider when designing their policy toward Cuba. They should know that the more difficulties they create for the revolution, the more problems they will have and the more difficult those problems will be when they backfire.

Returning to the average Western observer we mentioned at the beginning of our commentary, we can assure you that there is an ending to this movie he will never see—the end of the revolution. Any other ending is possible, depending on how much intelligence the United States shows in its actions.

Workers Rally in Support of Party, Revolution, Castro

FL1708192894 Havana Radio Rebelde Network in Spanish 0900 GMT 17 Aug 94

[Report by Roberto Canela for the “Doing Radio” program]

[Text] Hundreds of people gathered yesterday at the Cuatro Caminos intersection in Centro Havana and reasserted their decision to defend the Revolution regardless of the consequences. Workers from production and service centers in the mentioned territory condemned the latest riots that occurred on the Malecon and the seizure of an oil tanker in the port of Mariel. Similar rallies continued in the capital to support the party, the Revolution, and Fidel.

Culture Minister on Current Situation

PA1808003694 Havana PRENSA LATINA in Spanish 1455 GMT 16 Aug 94

[Article by Culture Minister Armando Hart Dávalos: “Cuba Fights Old and New Demons”]

[Text] Various circles have recently been expressing opinions on Cuba’s history. As a matter of principle, I regard it as my duty to set forth our position on those opinions.

As I see it, the current situation presents three issues: first, the economic deficiencies and difficulties at the

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root of our problems; second, the political confrontations obviously connected with the previously mentioned issue; and third, the influence of all this on the moral and ideological formation or distortion of the new generation and the ideas and state of mind of the people in general.

I base my assertion on my conviction that, however considerable our economic difficulties—and they are—and precisely because of their size, we must now more than ever conduct an in-depth political and ideological assessment and draft an action program to this effect. For such a program to be effective, however, it must be consistent with world events over the past few years. Contrary to what happened elsewhere, this updating does not consist of an ideological step backward but of aspiring to be revolutionaries in the present time. For this reason, at the 5th UNEAC [National Union of Cuban Writers and Artists] Congress, I said, somewhat ironically, that I aspired to be a “postmodern” revolutionary. Why should the new world era not have its own revolutionaries? The fact is, there are many “postmodern” revolutionaries in America [words indistinct]. Just take a look at newspaper reports.

To be consistent, we should work together on the three issues, economic, political, and ideological, mentioned at the beginning of this article. This is the only practical way to meet our challenges.

On the ideological-political issue, which I discuss in this article, an in-depth approach to the problems we now face is essential. I cannot understand the concept of ideology in isolation from the situations with which we must deal. It will now be shown that Cuban culture plays an important role in the country's political, social, and economic development. This is important, not only in tackling the present situation, but also in laying the groundwork for the cultural outline of a future that will be left in the hands of the younger generations. To do this, we must meet the revolutionary, political, and ideological demands of the world in which we live.

A special responsibility rests with those who are highly developed both instructionally and culturally. Determination, courage, and culture are also essential in this time of the homeland.

We must know what the enemy is plotting against the Cuban revolution on the battleground of ideas. The essence and immediacy of the matter stem from the fact that they are planning to disable our patriotic identity through ideological means. An attempt to reinterpret Cuba's history in accordance with imperialist interests is under way. They are so cynical as to proclaim it “modern.” But we all know that this approach to Cuba's history, made by the imperialists and hesitating Cubans, is based on the old Monroe Doctrine, which Cuba's popular and revolutionary thought has confronted.

The most important thing is that our adversaries, based on existing ideological and informational weaknesses

and gaps, are trying to take advantage of the momentary confusion to promote division and the dissolution of the national identity among the most recent generations. This is the way to surrender and betrayal. Some are walking this way. Others have already done so. Still others are confused. We must talk constructively with them.

It is in these generations where decisive revolutionary forces of the present and future exist. Nevertheless, if this is left open and the usual coherent reply in reaction is not given, the enemy gains an advantage or at least creates dangerous schisms.

The older generation should talk with the younger. It should do so in an updated revolutionary language and with well-founded arguments on political culture. The idea is to have a systematic cultural exchange of ideas.

These younger generations have important revolutionary energies, which are not expressed with greater force partly because of the strict sense of discipline with which they were raised.

I do my duty in stressing the need to come out very firmly in describing and denouncing attempts to dismantle history. The new generations formed by the revolution should become more and more involved in exchanging ideas, not only those on the current situation or politics, but also those on ideology and even theory, which is of strategic importance. In order to accomplish this, it is essential that the broadest social participation be encouraged, with strength, without demagoguery or apologetic propaganda, just as Compañero Raul Castro has pointed out in recent statements. If we the revolutionaries do not do this, then others will do it instead or may already be doing it, which will lead to disastrous consequences.

In view of the fact that in the last 35 years those portions of the population have become more highly educated, the problem I describe and the road to its solution present itself are manifested on the cultural front, in the fullest sense of the word.

The dismantling of the national identity, which the enemy and its allies encourage, has no cultural grounds because there is no tradition for this in Cuba. This objective is also anti-cultural. Obviously, imperialism is able to work through these means because it has an oppressive and expansionist culture that propagandizes its reactionary interpretation of Cuba's history.

They are spreading the news in Cuba and abroad, with outside connections and guidance, that the Cuba about which we were taught in school, the Cuba we know from our university and political struggles before 1959, and the Cuba Fidel referred to when he said history will acquit me, is a fantasy. In other words, it does not exist.

This can be seen in practice with the destructive and bandit-like activities of the lumpen who have been operating in our society. It is a strategy that encourages,

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in the intellectual field on one hand, the idea that our national identity is an unattainable and fantastic utopia. On the other, it encourages anarchic and criminal actions. Revolutionaries must recognize, study, and denounce this strategy.

Before the crumbling of "true socialism," imperialism had designed its strategy against the Cuban revolution through groups that were supposedly defending socio-democratic, Christian-democratic, and liberal-democratic norms and that were supposedly defending human rights, as defined by the gentlemanly and aristocratic sense of the middle class—that is, the same strategy that produced results in Eastern Europe. They must have realized that there is no longer any political tradition or social basis on which such groups can organize coherently and bring to bear any plans capable of achieving any political repercussions in Cuba.

In Germany, in the name of national unity, the middle class, that did and does have social and political culture, eradicated the GDR. In Cuba, the nation's unity is based on the Jose Marti, anti-imperialistic, and socialist tradition, that is, on the interests of the working people. Imperialism sees no alternative, with regard to Cuba, but to destroy our identity. An enemy plan can only be promoted as an anti-plan steered to shatter to smithereens Cuba's patriotic and popular roots. They foster corruption and internal division and attempt to isolate the nation from other countries. They provide a livelihood to the lumpen inside the national territory. But this is not enough for them. They have started to draw up profoundly anti-Cuban doctrines in the conceptualization of their theory. Ideological centers operating abroad are behind this. They use the powerful media at their disposal for this purpose. They are expending more resources on propaganda and broadcasts against Cuba than they used against all of Eastern Europe with the goal of creating an innovative annexation system.

The seriousness of the matter is that such a destructive strategy is tied in with the current difficult situation and the confusion that can be generated among the people by such propaganda.

With these arguments, they maintain that Cuba does not have the economic foundation needed to guarantee its independence. This can only be labeled one way: caving in to the foreigner. The response must be our independent and anti-imperialistic tradition.

The enemy combines its covert ideological activities with the incontrovertible fact that we are suffering from material limitations. We revolutionaries should also know how to combine our efforts in confronting economic problems with high quality ideological, education, and political work, with mass participation.

Marti said: "The greatest war against us is in the mind; let us leave it in the mind." This is one of the keys to the ideological and political period that the revolution is experiencing.

Each revolutionary, within his specific responsibilities, should think and act in the context of the moment the nation is now experiencing with the very firm intention of making a difference, being on the alert with the serious, strict, and systematic decisiveness that our Comrade Raul mentioned a few days ago. This should be done on the basis of experience, instruction, and culture acquired in these 35 years. We have the duty to respond with ideas and initiatives created in keeping with the times in which we are living. We should do this with togetherness, audacity, and creativity.

There is no alternative. This is a Cuban fight against old and new demons.

Interior Ministry Receives New Recruits

FL1808012394 Havana Radio Rebelde Network in Spanish 2300 GMT 17 Aug 94

[Text] Today, several organizations and units of the Ministry of the Interior in the capital received new recruits from its recent call to active military service. In the presence of their relatives, leaders, and officers, the youths were welcomed during a ceremony at the provincial patrol unit, during which they expressed their unconditional support for the Revolution.

Embassy in Moscow Protests IZVESTIYA 'Attacks'

PA1708200994 Havana PRENSA LATINA in Spanish 1707 GMT 17 Aug 94

[Text] Moscow, 17 Aug (PL)—The Cuban Embassy in Russia today protested the repeated attacks published in the daily IZVESTIYA against the Caribbean nation's government.

In a note addressed to Igor Golembyovskiy, the daily's chief editor, the diplomatic mission notes that reporter Yevgeniy Bay demonstrates in his works a lack of professional ethics and of civilized behavior and norms employed in journalism.

The note points out as an example an article published on 10 August on the exodus of Cubans to the United States, which is considered "the climax of the attacks against the Caribbean nation."

The note by the Cuban Embassy underlined that Bay's writings ignore the Russian Government's political and economic interests with regard to maintaining bilateral relations in terms of advantage and mutual respect.

Embassy Denounces Derogatory IZVESTIYA Articles

FL1708234794 Havana Radio Reloj Network in Spanish 1933 GMT 17 Aug 94

[Text] On 17 August, the Cuban Embassy in Russia protested the repeated attacks against the Cuban Government published in the newspaper IZVESTIYA. In a

letter sent to IZVESTIYA's chief editor Yegor Golemyoskiy, the Cuban Embassy pointed out that reporter Yevgeniy Bay's journalistic work shows a lack of professional ethics and manners. As an example, the letter cited an article published on 10 August about the Cuban exodus to the United States, which is considered the height of attacks against Cuba. The letter emphasized that in his writings you can see that Bay overlooks the political and economic interests of the Russian Government regarding current bilateral relations, in terms of advantages and mutual respect between Moscow and Havana.

Ambassador to Ecuador on Upcoming Robaina Visit

PA1708222694 Havana PRENSA LATINA in Spanish
1554 GMT 17 Aug 94

[By Rafael Contreras]

[Text] Quito, 17 Aug (PL)—Cuban Foreign Minister Roberto Robaina's visit to Ecuador, which begins tomorrow, will help strengthen the smooth dialogue at the highest level between the two countries, Cuban Ambassador to Ecuador Rene Castro said today.

In statements to PRENSA LATINA, the diplomat underscored the importance of the trip that will open opportunities to expand cooperation.

Castro said Robaina, who also will visit Chile, Costa Rica, Venezuela, Bolivia, and Brazil, will have a tight agenda in this capital. His schedule will include meetings with President Sixto Duran-Ballen and Vice President Alberto Dahik.

The ambassador added that the Caribbean country's foreign minister will meet with his Ecuadoran counterpart Diego Paredes; Francisco Acosta Colona, minister of energy and mines; Jose Vicente Maldonado, minister of industry, commerce, integration, and fisheries; and Armando Espinel, minister of communications and tourism.

Robaina also will meet with National Congress President Heinz Moeller, former Presidents Osvaldo Hurtado Larrea and Carlos Julio Arosemena, and with a group of private businessmen.

He also is scheduled to meet with Ecuadoran-Cuban solidarity groups in Quito and in the port city of Guayaquil.

Possible tourism agreements and ways in which businessmen of the South American country can take advantage of the largest of the Antillean islands' decision to welcome foreign investments will be discussed during the Cuban foreign minister's visit.

Robaina Visit to Chile First in 21 Years

FL1808011894 Havana Radio Rebelde Network in Spanish
2300 GMT 17 Aug 94

[Text] Cuban Ambassador to Ecuador Rene Castro stated that tomorrow's visit to Ecuador by Cuban Foreign Minister Roberto Robaina will help strengthen

dialogue at the highest levels between the two countries. The Cuban ambassador added that Robaina would carry out a busy work schedule that includes interviews with Ecuadoran President Sixto Duran Ballen and Vice President Alberto Dahik. Chile is the next stop on Robaina's tour, followed by Costa Rica, Venezuela, Bolivia, and Brazil.

Robaina is expected to arrive in Santiago de Chile on 22 August which, according to the Chilean Foreign Ministry, will be the first official visit of a Cuban Government representative since the two countries severed relations 21 year ago.

Major Oil Refinery Reopens After 75 Days of Repairs

PA1708170694 Havana PRENSA LATINA in Spanish
1458 GMT 16 Aug 94

[Text] Havana, 16 Aug (PL)—An official report issued today says that one of Cuba's major oil refineries belonging to the Nico Lopez Company resumed operations, which will make an important contribution to the availability of oil by-products in a period of much scarcity in the country.

Specialists said the industrial plant dedicated to refining liquified gas and gasoline has begun operating after 75 days of general repairs, during which its catalyst transfer lines were replaced, and all dynamic and instrumental electrical equipment was checked.

A report from the National Information Agency says that in 1993, this plant virtually was at a standstill and failed to produce hundreds of tons of gas, gasoline, cracked diesel, and other oil by-products.

The repairs will reduce the plant's electrical consumption, improve its efficiency, and increase the production of gas for domestic use by approximately 2 million pesos (on a par with the U.S. dollar at the official exchange rate).

Power Outages Announced for 17, 18 August

FL1808013894 Havana CHTV Television in Spanish
2204 GMT 17 Aug 94

[From the "Focus on Havana" program]

[Text] The Electric Enterprise announces that due to generation deficit, there have been unscheduled power outages today in some areas of Havana.

The power outage schedule for 17 August is:

From 1700 to 0000 in Boyeros, 10 de Octubre, Arroyo Naranjo, and Zones no. 133 in Guanabacoa, no. 130 in Regla, and no. 62 in Centro Havana. Also included in the outage are Marianao, Playa, La Lisa, and zone no. 124 in Habana del Este Municipalities.

The power outage schedule for 18 August is:

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From 0500 to 0900 in Plaza de la Revolucion and Cerro Municipalities.

From 0900 to 1300 in Guanabacoa, Regla, Cotorro, San Miguel del Padron, Centro Habana, Habana Vieja, and Habana del Este Municipalities.

From 1300 to 1900 in Habana del Este, Boyeros, 10 de Octubre, and Arroyo Naranjo Municipalities.

From 1900 to 0000 in Guanabacoa, Regla, Cotorro, San Miguel del Padron, Marianao, Playa, and La Lisa Municipalities.

There will also be outages in other municipalities that usually experience power outages at the same time as these groups of municipalities.

Gas Plant Administrator Explains Service Interruption

FL1808015694 Havana Radio Rebelde Network in Spanish 2300 GMT 17 Aug 94

[Interview with Flora Elena Meza, administrator of the Mario Fortuni gas plant, by correspondent Heidi Gonzalez, from the "Exclusive" program]

[Text] [Gonzalez] Greetings, friends. With me here is Flora Elena Meza Diaz, who is administrator of the Mario Fortuni gas plant, who will inform us on what is happening in some neighborhoods of Havana City, with the interruption in gas service.

[Meza] Well, the plant that I administrate, the Mario Fortuni plant, currently has one of its lines under general repair. This undoubtedly causes a reduction in our production capacity.

[Gonzalez] Which is half.

[Meza] Exactly. Undoubtedly, when we are under general repairs, the Melones Plant is the one that should supply our production, and Melones has been having some problems over the last few days. These repairs to this plant were scheduled and it is necessary to carry them out. Once they are finished, gas production will improve. When our plant has to make general repairs of this kind, the enterprise takes a series of steps so that the population does not suffer the effects. Yesterday, which is when we began the repairs, it was felt even more acutely because to begin the repairs, it is necessary to initially interrupt both lines. That obviously worsens the deficit of gas.

The enterprise is taking operative steps to make sure the population suffers as little as possible, but these repairs had to be made and it is what will allow this plant to be in condition to produce at total capacity.

[Gonzalez] Well, I would like to ask some questions which do not pertain to you, but to Dimas Gonzalez, who is the director of this factory. I would like to know why the population was not informed of the need to make these repairs in enough time for them to make

necessary preparations. There are many other things I would like to ask, but it will have to be on another occasion.

Roundup of Economic Developments

FL1708204494

[Editorial Report] The following is a compilation of reports on economic developments monitored between 16 and 17 August.

The Havana City Gas Company told consumers on 17 August that city service has been interrupted due to low gas levels, adding that service will gradually resume during the day. (Havana Radio Reloj Network in Spanish 1407 GMT 17 Aug 94)

Tubers and vegetables have been planted on 451 caballerias of land in Cienfuegos Province to date. The goal was to have planted 522 caballerias of tubers and vegetables. This goal will now be difficult to reach due to the August weather. (Havana Radio Rebelde Network in Spanish 1700 GMT 17 Aug 94)

Workers at a southern Matanzas Province sugarcane complex have planted 163 caballerias of rice, 10 caballerias more than the goal set for the year. (Havana Radio Rebelde Network in Spanish 1700 GMT 17 Aug 94)

The Agriculture Ministry office in Pinar del Rio Province has handed 10 caballerias of La Palma Municipality land to independent farmers to harvest tobacco. (Havana Radio Rebelde Network in Spanish 1700 GMT 16 Aug 94)

Based on the new Cuban incentive system implemented in July, Granma Province fishermen receive a 20-percent incentive in foreign currency for catches that are above their set goals. A total of 189 tonnes of fish have been caught this year, a major improvement over the 89 tonnes that was caught during the same period last year. (Havana Radio Rebelde Network in Spanish 1155 GMT 17 Aug 94)

The number of tourists served by Gaviota SA, a Cuban tourism enterprise, was up 14 percent during the first six months of the year. Enterprise President Thomas Benitez confirmed that 24,000 tourists had visited Cuba through Gaviota SA. Benitez also confirmed that the Coral Hotel, under construction in Varadero Municipality, Matanzas Province, should be finished by early September. (Havana Radio Rebelde Network in Spanish 1700 GMT 16 Aug 94)

The Horizonte hotel chain, operating approximately 60 installations, has been officially introduced to tour operators and businessmen. Horizonte will offer two- and three-star accommodations and expects to increase revenues by 20 percent and room occupancy by 15 percent in 1995. (Havana Radio Rebelde Network in Spanish 2300 GMT 16 Aug 94)

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The Gran Caribe hotel group will double room capacity with the construction of seven hotels in Varadero, Matanzas, increasing the number of rooms to approximately 2,300 in the coming years. The Heroes of Giron Beach contingent will be responsible for the construction of three hotels, totalling 1,000 rooms, which will be located between the Four Palms and International Hotels. (Havana Radio Rebelde Network in Spanish 2300 GMT 16 Aug 94)

Veracuba, the Cubanacan Corporation's transportation enterprise, showed encouraging results in Varadero during the first semester of 1994: Revenues increased by approximately \$500,000, 35 percent more than was earned during the same period last year. (Havana Radio Rebelde Network in Spanish 1700 GMT 17 Aug 94)

Roundup of Politburo Members' Activities

FL1208114594

[Editorial Report] The following is a compilation of reports on the activities of members of the Politburo of the Cuban Communist Party Central Committee monitored from Havana radio and television sources in Spanish for 8-11 August.

Jorge Lezcano Perez has stressed the need for increased production efforts in Havana City. Lezcano said that Cubans cannot be fooled and that Havana citizens have maintained calm. Lezcano pointed out that counter-Revolutionary individuals have seen the people uphold the law and the Revolution. (Havana Radio Rebelde Network in Spanish 2300 GMT 8 Aug 94)

Julian Rizo Alvarez has visited the Genetic Engineering and Biotechnology Center, in Camaguey. Rizo and the workers broached the current seed production programs being undertaken at the center. Rizo stressed the need to maintain a clear strategy and discipline. (Havana Radio Rebelde Network in Spanish 2300 GMT 9 Aug 94)

Interior Minister Abelardo Colome Ibarra and other Interior Ministry officials have visited the young policeman and the Blas Roca Calderio contingent worker injured by antisocial individuals on 5 August. Policeman Alejandro Javier Zamora Mauri, hospitalized at the Hermanos Ameijeiras Hospital, expressed to Colome his commitment to the Revolution and to Fidel. Colome also spoke with construction worker Jose Boche and relatives who expressed their firm commitment to the example the young worker has set. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 11 Aug 94)

Yadira Garcia presided over the opening ceremony of the 1994-1995 citrus harvest campaign at the Victoria de Giron Citrus Complex, Matanzas Province, on 10 August. (Havana Tele Rebelde Network in Spanish 0000 GMT 11 Aug 94)

Haiti

Latin American Foreign Ministers Expected

FL1708214294 Port-au-Prince Radio Magik Stereo in French 1130 GMT 17 Aug 94

[Text] Venezuela intends to fulfill its proposal to send a delegation to Port-au-Prince, a mission of Latin American foreign ministers opposed to intervention. To that effect, a Venezuelan delegate is reportedly in Haiti to prepare for the arrival of those foreign ministers who are endorsing a new summit between Aristide and Cedras.

UN Secretary General Confirms Mission Planned

FL1708215594 Port-au-Prince Signal FM Radio in French 1030 GMT 17 Aug 94

[Text] It is no longer a rumor. The UN secretary general said on 16 August that he intends to send a goodwill mission to Haiti next week. The task of this mission is to convince the Haitian military to step down. On 31 July, the UN Security Council approved Resolution 940, authorizing U.S. intervention in Haiti. Butrus-Ghali hopes to send a delegation to Haiti to obtain peaceful implementation of Resolution 940 of the UN Security Council. The success of this mission could prevent an international military intervention in Haiti, explains Butrus-Ghali, noting that the mission in Haiti would take place only if the safety of its members was ensured.

The Capois Lamort organization opposes participation by international mediator Dante Caputo in any prospective delegation because, according to Franck Pierre, he is undesirable. The UN secretary general did not explain whether the delegation would be headed by mediator Dante Caputo.

Butrus-Ghali made these statements in Canada at the conclusion of a conversation with Canadian Prime Minister Jean Chretien. The UN dignitary last night inaugurated the Canadian World Congress conference series.

Jonassaint Official Believes Mission 'Rumor'

FL1708222594 Port-au-Prince Signal FM Radio in French 1030 GMT 17 Aug 94

[Text] With regard to the negotiation mission, the Jonassaint government agrees to discussions only. The minister of foreign affairs of the provisional government, Charles David, told a group of journalists on 16 August that the government is ready to sit around the table to discuss the business of the Republic. The government can do little but use the arm of dialectic.

[Begin David recording] We are open to all discussions. I say discussions because this word has its value. This term has its limits. We wish only to listen, discuss, and dialogue. This is all we want to do. The rest does not concern us. [end recording]

The United Nations intends to send a mediation mission to discuss conditions for the departure of the military involved

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in the September 1991 coup d'etat. This mission, called the Last Chance Mission, might arrive in Haiti as early as this week. The provisional government has not been informed of this matter. Mr. David believes it is merely a matter of rumor. Meanwhile, Minister David addressed the branch of the Senate of the Republic presided over by [Bernard] Sansaricq. The Foreign Affairs Commission heard the minister on 16 August.

Belizaire Determined To Defend 'National Territory'
FL1708234194 Port-au-Prince Signal FM Radio in French 1030 GMT 17 Aug 94

[Text] Concerning military intervention, Senator Dejean Belizaire favors confrontation. The Artibonite parliamentarian has expressed his firm determination to defend the national territory, which is being threatened with U.S. invasion in recent days. For a limited time, thousands of volunteers have joined the Haitian Army for training sessions. Sen. Dejean Belizaire has brought his support to this initiative.

[Begin recording] [Belizaire] There is no solidarity movement. There are only citizens of this country who are bound under the Constitution to defend the territory of the Republic. Some presented themselves to receive the rudiments of military preparation. Others who have already had this military training are ready to assume their responsibilities in the face of the invaders.

[Unidentified journalist] Do you have this preparation, Senator?

[Belizaire] I cannot tell you if I have this preparation, but I can tell you that I am ready to assume my responsibilities in the parliament and in the field as well. [end recording]

Deputy Favors Dialogue To Resolve Crisis

FL1708230394 Port-au-Prince Signal FM Radio in French 1030 GMT 17 Aug 94

[Text] There is already one vote for the mediation mission. Deputy Jude Marie Jacinth Jean-Baptiste applauds the idea of the imminent arrival in Haiti of the Last Chance Mission. Jean-Baptiste says he believes in dialogue without stall tactics for the evolution of democracy in Haiti and the postponement of the U.S. plan for invading Haiti.

[Begin Jean-Baptiste recording, in Creole] We always say that. As social democrats, we think it is through dialogue that political crisis can be resolved. We support dialogue, while obviously avoiding any stall tactics. Given the situation of the country at this time, as democrats, we think democracy must be restored, but it must be restored without military intervention, which we will always oppose. We believe that military intervention usually leaves indelible scars. So, we favor dialogue and the avoidance of stall tactics. [end recording]

EZLN Withdraws Forces in Advance of Elections

PA1808035694 Mexico City LA JORNADA in Spanish
17 Aug 94 p 23

[Communique issued by the Clandestine Indian Revolutionary Committee-General Command of the Zapatist National Liberation Army (EZLN) and signed by EZLN Subcommander Marcos; "from the mountains of southeastern Mexico" on 15 August]

[Text] Mexico, 15 August 1994

To the people of Mexico:

To the peoples and governments of the world:

To the national and international media:

Brothers:

The Clandestine Indian Revolutionary Committee-General Command [CCRI-CG] of the EZLN [Zapatist National Liberation Army] states the following:

1. According to its commitment not to interfere with the August elections inside rebel territory, the EZLN declares it will not prevent in anyway the installation of voting centers or the free movement of personnel from the IFE [Federal Electoral Institute], the State Electoral Commission, or the representatives of the various political parties, including those from the party that is improperly governing this country.

2. All regular and irregular troops are ordered to initiate the withdrawal of all of their forces to their positions in the mountains starting on 18 August 1994. There should not be any military personnel whatsoever in Zapatist towns within rebel territory as of 0000 on 21 August and until 0000 on 22 August 1994.

3. All EZLN military checkpoints in rebel territory have been ordered to be dismantled starting at 2000 on 20 August 1994. In turn, they will be turned over to the civilian population, which will be in charge of supervising traffic on Election Day on 21 August 1994.

4. As soon as this communique is published, no member of the CCRI-CG of the EZLN or any Zapatist troops will make any oral statements to the national and international media. We are making this announcement to spare the media the inconvenience of being turned down or stopped at Zapatist checkpoints in the days leading up to the elections. This measure will remain in effect until the CCRI-CG of the EZLN gives further notice. In the meantime, our positions will only be made known through written communiqués.

5. Access to rebel territory by the media and observers during the elections must be worked out with the special electoral offices headed by actress Ofelia Medina and writer Juan Banuelos. The EZLN will not prevent access to any media.

6. All IFE personnel, representatives of the voting centers, observers, and members of the media must leave Zapatist territory no later than 1000 on 22 August 1994.

Democracy! Freedom! Justice!

From the mountains of southeastern Mexico, CCRI-CG of the EZLN

Mexico, August 1994

Signed: Rebel Subcommander Marcos

Army Presence Increased in Chiapas Before Elections

PA1808044694 Mexico City LA JORNADA in Spanish
17 Aug 94 p 22

[Report by Jose Gil Olmos—all quotation marks as published]

[Text] Morelos Ejido, Chiapas, 16 Aug—The presence of Mexican Army troops and Army surveillance operations in Altamirano and Ocosingo Municipalities—considered part of the Chiapas conflict zone, along with Las Margaritas—have been increased in advance of Sunday's federal and state elections.

Meanwhile, residents in these areas, which are located within the military cordon that has been in place since January, have expressed willingness to participate in the 21 August elections, allowing the installation of two polling stations where Indians from 36 communities will vote.

During a visit made today to ejidos in Altamirano and Ocosingo, we perceived an atmosphere of tranquillity, as well as greater numbers of troops stationed at the camps and Army roadblocks in the municipal capitals.

On the streets of Ocosingo, the site of the heaviest clashes between the EZLN [Zapatist National Liberation Army] and the Federal Army on 1 January, armored cars camouflaged with tree leaves were once again patrolling the streets.

Meanwhile, at the military roadblocks, new troops are conducting more thorough searches on those arriving in the municipality, particularly those bound for the conflict zone.

Just like the roadblocks at Rancho Nuevo, headquarters of the 31st Military Zone and 10 km from San Cristobal de las Casas, military garrisons in these two municipalities have been fortified with walls that have been painted black and equipped with metal detectors and powerful lights.

Altamirano City Hall, which was occupied for several days in January by EZLN members, is being rebuilt, and a new military camp has been set up to house newly arriving troops.

Some 8 km from the municipal capital, at Morelia Ejido, Indians reached a community agreement on the installation of two polling stations—one in Morelia and

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another in Venustiano Carranza. They also said they are ready for Sunday's elections, adding that they expect electoral officials to add the finishing touches.

Meanwhile, regarding cooperation with Hector Hernandez Llamas, the federal representative who will oversee the San Cristobal de las Casas agreements reached with the EZLN, residents stated their willingness to receive all forms of cooperation, "provided that the community organization represented by Tsoman—'Unity' in the Tojolabal dialect—which comprises peasants from 36 communities, is respected.

Recently, they received 34 tons of food from the Federal Representative's Office, and an attempt was made to reach an agreement on installing a food distribution center, a rural clinic, and a corn mill.

Morelia residents explained they have not reached an agreement yet, because "it is strange that in the days just before the elections so many contributions are being made now, especially after they were denied before and after Procampo's [Program of Direct Support to the Countryside] credits were canceled." They concluded: "Credits had only been given to those having voting credentials."

Elections Chief on Contingency Measures

PA1608201294 Mexico City XEW Television Network in Spanish 0430 GMT 16 Aug 94

[From the "24 Hours" newscast]

[Text] Arturo Nunez, director general of the Federal Electorate Institute [IFE], assured in a news conference that various contingency measures are in place to avoid interruption in the flow of data or that discrepancies may occur in the elections or its results.

[Begin Nunez recording] Diverse plans are ready. Some have to do with the security of computer data, the security of the source of electricity, and even security against possible attacks. Whatever the circumstances, contingency measures are in place so that we can operate according to plan. [end recording]

State-of-the-art computer technology will be applied [words indistinct] energy sources in the 300 district offices in the republic of Mexico. Trained security personnel will be posted at IFE and in vote counting centers in diverse states. There will be fiber optics communications networks along three routes to avoid to the extent possible jams in or blocking of the flow of information. Also, political parties have each been asked to send a special representative to observe each strategic step taken during the 21 August elections.

Nunez also talked about an agreement with the media and organizations that will conduct spot counts.

[Begin Nunez recording] First, the only legal restriction is not to divulge results before 1900 hours [0100 GMT on 22 August], Mexico City time. Second, an ethical and

political restriction would be to work according to a serious methodology. Third would be not to contravene any part of the Penal Code. [end recording]

The IFE director explained that exit polls [preceding two words in English] or counting by voters when exiting the polling stations may be conducted, but results of these must not be released before the time agreed, that is, 1900 hours.

In this way Nunez replied to the direct question on whether there is a chance that the vote counting computer system might fail. He ruled out the possibility that information from the spot counts could vary so widely as to produce a veritable Tower of Babel, noting that the need for similar methods in these counts is being emphasized.

Opposition Claims Media Access 'Closed' Before Elections

PA1708043594 Madrid EFE in Spanish 2223 GMT 16 Aug 94

[Text] Mexico City, 16 Aug (EFE)—The Mexican opposition today charged that over the past several days its access to the media has been "closed," adding that it fears this might be the first sign of a "fraud attempt" in Sunday's elections.

"Campaign-ending activities have shaken the government," Porfirio Munoz Ledo stated. Munoz Ledo is the president of the Party of the Democratic Revolution (PRD), the country's third-largest political force and the leading leftist opposition party. The PRD denounced the "marked trend" on Mexican television, "and to a lesser degree on the radio," that favors the ruling Institutional Revolutionary Party [PRI] and its presidential candidate Ernesto Zedillo.

This assessment was endorsed by a study conducted by the nonpartisan organization Civic Alliance, which today indicated that during the past weeks, leading television newscasts gave Zedillo 40 percent more time than they gave to PRD candidate Cuauhtemoc Cardenas.

"We believe that on the eve of the elections we are witnessing a very intense process of official propaganda; there is a faltering attitude on behalf of both television and radio," Cardenas' spokesman Adolfo Aguilar Zinser noted.

He added: "This is an indication that the government could be preparing, as in 1988, a state operation designed to undo the people's decision." Cuauhtemoc Cardenas' Democratic Front denounced the existence of massive fraud in the 1988 presidential elections, whose victory he claimed for himself, although PRI candidate Carlos Salinas was proclaimed the winner.

"There is a climate that concerns us—one that portends what could become a fraud attempt in Sunday's elections," Aguilar Zinser reiterated.

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The Cardenas spokesman added that the "relative opening" in the media, which began last April, seems to have ended, and now "there has been a return to the patterns" that existed at the beginning of the year.

The Civic Alliance, a nonpartisan organization created to oversee Sunday's elections, revealed today at a news conference that television time given to the political parties and their candidates during the first months of 1994 had remained fairly equitable until two weeks ago. Between 1 and 15 August, however, the six leading television newscasts showed an open trend in favor of Zedillo, the ruling party's candidate.

Over the past two weeks, television newscasts in Mexico devoted a total of two hours and 44 minutes to the PRI candidate while Cardenas obtained one hour and 57 minutes (including a 20-minute interview by one television station).

Diego Fernandez de Cevallos, presidential candidate of the National Action Party, the country's second-largest political party, was given one hour and five minutes.

In this same period, it has been noticed with "great concern" that "the feeble improvement that television newscasts had showed in their coverage of the electoral process" has been reversed, Civic Alliance member Daniel Cazes said.

Cazes called this trend "very serious," because it is taking place at the most decisive time of a "very competitive" electoral process, and because biased television information broadcasts could skew the contest.

The Civic Alliance indicated that one aspect that has called attention to this imbalance is that, in covering Zedillo's campaign activities, new resources have been introduced, such as the use of helicopters to videotape his activities from the air.

"These shots give the impression that Zedillo's rallies are very large, that he has a great deal of popular support, and that his activities are very lively. Moreover, the video is often accompanied by phrases that seek to express a feeling of victory," Cazes explained.

[Mexico City Radio ACIR Network in Spanish at 0000 GMT on 17 August, in its "Evening News Panorama" program, broadcasts an 11-minute interview with PAN candidate Diego Fernandez de Cevallos in which Fernandez states: "Although positive things such as electoral reforms, a new electoral register, improved electoral bodies, and an unprecedented opening to the media do indeed exist, it is obvious that information is still manipulated and that misinformation has been disseminated to benefit the PRI." Fernandez adds: "Whether I win or lose the presidency, I will maintain that this process was inequitable and unfair in terms of media access."]

Civic Alliance: IFE Blocking Election Observation

PA1708232594 Mexico City LA JORNADA in Spanish
16 Aug 94 p 39

[Statement issued by the Civic Alliance/Observation 94 National Assembly on 15 August; place not given: "Electoral Authorities Obstruct Observation"—published as a paid advertisement]

[Text] The Civic Alliance/Observation 94 has requested from the Federal Electoral Institute [IFE] the registration of 11,648 electoral observers who have their documentation complete and in order.

Today, Monday, 15 August, six days prior to the elections, IFE has handed out only 1,234 accreditation credentials to Civic Alliance observers.

If tomorrow, Tuesday, we receive the 10,414 missing credentials, we would have serious problems in distributing them throughout the country, especially in areas with poor communications, and every day that passes these problems become more formidable.

Do the IFE District and Local Councils intend that the Civic Alliance should not observe the elections the same way that the Civic Alliance has been denied information on other aspects in these elections due to a lack of credentials?

By not properly accrediting our observers and by not delivering our accreditation credentials in a timely manner, are IFE officials committing an electoral crime and violating our citizens' right, or are they attempting to cover up a fraud?

We demand the immediate delivery of all accreditation credentials to Civic Alliance observers.

[Signed] On behalf of the Civic Alliance/Observation 94 National Assembly

National Coordination: Mexican Academy of Human Rights, Agreement for Democracy, Council for Democracy, Civilian Organization Agreement for Democracy, Arturo Rosenbluth Foundation, Higher Institute of Democratic Culture, and Citizen Movement for Democracy

'Foreign Guests' Warned Not To Violate Electoral Laws

PA1708233794 Mexico City NOTIMEX in Spanish
2150 GMT 16 Aug 94

[Text] Mexico City, 16 Aug (NOTIMEX)—The electoral authorities today warned the experts who are in Mexico as "foreign guests" to attend Sunday's election should make their conduct conform to the laws in order to avoid punishment [sanciones].

The Federal Electoral Institute (IFE)—the organization responsible for supervising the general elections—

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reported that the deadline for registering "foreign guests" had expired and that 654 people from 31 countries had registered.

On Sunday, 45.7 million people will cast their votes for president and deputies, as well as for some members of the Senate, in what the experts have described as the most supervised elections in the history of the country.

In a communique released to the press today, IFE warns the "foreign guests" to make their conduct conform to Mexican laws and guidelines established by the electoral authorities to avoid punishment.

The Mexican Government has permitted electoral experts from other countries to witness Sunday's elections; however, they have been warned to refrain from involving themselves in domestic political affairs.

According to the recently approved Electoral Penal Code, electoral crimes in Mexico can be punished with fines up to an equivalent of \$1,000 and nine-year jail sentences.

In the case of "foreign guests," the law foresees the application of "Article 33" of the Constitution, which allows for the expulsion from Mexican territory of all foreigners considered *personae non grata*.

Of the 654 "foreign guests" who will attend Sunday's general elections, there are 443 U.S. citizens, 49 Canadians, 34 Spaniards, 15 Costa Ricans, 11 Peruvians, 11 Britons, nine Chileans, and eight Germans.

There are also "foreign guests" from Argentina (7), Australia (1), Austria (2), Bolivia (1), Brazil (2), Colombia (4), El Salvador (2), France (4), Guatemala (3), Haiti (1), the Netherlands (6), Honduras (1), Hungary (1), and Ireland (1).

Likewise, guests from Italy (8), Japan (4), Nicaragua (3), New Zealand (1), Panama (7), Puerto Rico (5), Dominican Republic (1), Uruguay (7), and Venezuela (2) have also arrived in the country.

As part of the process, the nongovernmental organizations and political parties have accredited 32,130 national observers who will directly participate in the process. They will be involved in every aspect of the elections, from the installation of the voting centers to the counting of votes.

The "local observers" will be trained to fill out tally sheets, denounce electoral crimes, participate in the vote count, and the installation and closure of the voting centers.

Approximately 97,000 voting centers will be installed throughout the country on Sunday. The voting will begin at 1400 GMT and continue for eight hours.

EZLN Communique Allows Civilian Control in Chiapas 21 Aug

PA1708161394 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 17 Aug 94

[From the "First Hour" newscast]

[Text] The Zapatist National Liberation Front [EZLN] will allow civilians to control the conflict zone in Chiapas State on 21 August.

In a communique released first thing Wednesday, Subcommander Marcos says that the EZLN checkpoints will be removed at 2000 hours on Saturday and will be reinstated the first minute on Monday; in other words, the day after the elections.

Subcommander Marcos says that access to EZLN territory for journalists and observers during the elections will be handled by the office of the Federal Electoral Institute representative, Ofelia Medina, in that area.

Central America To Support Salinas Bid To Head WTO

PA1808032994 Madrid EFE in Spanish 0054 GMT 17 Aug 94

[Text] Mexico City, 16 Aug (EFE)—Central America will endorse President Carlos Salinas de Gortari to head the World Trade Organization (WTO), the new Honduran and Costa Rica ambassadors to Mexico announced today. Brazilian Finance Minister Rubens Ricupero is also vying to the lead the WTO, which will replace GATT in 1995.

"Ricupero is from the Southern Cone, and I do not think all of Latin America is supporting him, whereas I do think all of Central America is supporting President Salinas," Honduran Ambassador to Mexico Jose Ayax Zuniga stated. Costa Rican mission chief Sergio Fumero Monge, in turn, affirmed that in his country's opinion, "no one in the world is more competent than Carlos Salinas de Gortari" to head the WTO.

Fumero said Costa Rican President Jose Figueres feels Salinas is the right person to hold the presidency of the organization, which will promote world trade. The two Central American diplomats made their remarks after presenting their credentials to President Salinas.

Fernando Ochoa Antich, the new Venezuelan ambassador to Mexico, said his country has not pledged its vote to any of the candidates, although it "approves of" Salinas's candidacy.

Spaniards Deported for Violating Immigration Law

PA1808032494 Mexico City NOTIMEX in Spanish 2345 GMT 16 Aug 94

[Text] Mexico City, 16 Aug (NOTIMEX)—Authorities reported today the Mexican Government deported six Spaniards for violating the Immigration Law when they meddled in affairs falling outside their status as tourists.

A Government Secretariat communique indicated that they were deported after an inspection of the rooms the Spaniards occupied in a Mexico City hotel turned up "a good deal of subversive propaganda."

After the inspection, the six Spaniards were detained in the city of Oaxaca, capital of the state with the same name, and brought to the capital to proceed with the appropriate administrative and judicial steps.

The individuals expelled from the country were identified as Luis Santiago Angulo Martin, Jose Miguel Contreras Orzis, Moises Perez de Arrelucea Monte, Melchor Mendoza Garcia, Maria de los Angeles Ureta Quintanilla, and Maria de Lourdes Saenz de Castillo Ruiz de Arcoute.

Mexican authorities said the Spaniards belong to an organization called Azacapela (Basque Solidarity with the Peoples) and that they admitted the documents found in the Mexico City hotel were theirs.

According to the communique, the Spaniards admitted they had met with prisoners in Mexico City and with representatives of sociopolitical organizations. The communique noted that tourists are prohibited from conducting such activities.

The Government Secretariat, which did not provide the date of the expulsion, indicated that the seized propaganda included material dealing with the general elections to be held in Mexico on Sunday.

Finance Secretariat Submits Report on Economic Situation

PA1708043994 Mexico City XEW Television Network in Spanish 0430 GMT 16 Aug 94

[From the "24 Hours" newscast]

[Text] Pedro Aspe, secretary of finance and public credit, has announced Mexico will receive \$2.7 billion in foreign investment, which will come from requests to open 100 new banks. The Finance and Public Credit Secretariat has submitted to Congress its report on the current economic, public finances, and public debt situation for the second quarter of 1994. This is the 23d time the administration of President Carlos Salinas de Gortari has presented such a report to the legislative branch. The report includes 25 basic items, the most important of which are the following:

1. A public balance indicating a surplus of 5.425 billion pesos as of the end of the first semester of 1994. This figure is consistent with the government's objective of filing a balanced budget by the end of the year.
2. A budget income increase to 154.86 billion new pesos, 3.1 percent more than the first semester of 1993.
3. Interest payments on the public debt totaled 17.248 billion pesos, a figure which represents only 11.6 percent of the total expenditures.
4. Social development resources reached 54.668 billion pesos, 53 percent of the projected amount.
5. The current balance for the consolidated debt held with the Bank of Mexico during the first semester of 1994 was 22.4 percent of the GNP. This balance places Mexico among the world's least indebted economies.

The Finance and Public Credit Secretariat has stated fiscal and budgetary discipline are still the central point of the economic strategy. The report assures the strength of public finances and the government's economic policy have allowed for greater price stability and a recovery of the economic growth rate despite the difficult economic atmosphere.

El Salvador

FMLN To Press for Investigation Into Death Squads

PA1808035794 San Salvador DIARIO LATINO in Spanish 16 Aug 94 p 3

[Text] "Irresponsible" and "in bad faith" is how the FMLN [Farabundo Marti National Liberation Front] has described the government's statements on the report by the Joint Commission that investigated death squad activities. The FMLN also announced measures to press for the continuation of the investigation into these groups.

In late July, following eight months of investigations, the Joint Commission submitted to President Armando Calderon Sol a final report on death squad activities, as well as an annex with the names of the people allegedly involved.

Later, the president downplayed the investigations and only showed a willingness to enforce the recommendations related to improving general crime investigations and the administration of justice. He showed no interest in continuing investigations into people linked to the death squads.

In the opinion of FMLN Political Committee member Salvador Sanchez Ceren, the president, and Foreign Minister Oscar Santamaria have tried "to dilute the commitment (former President) Alfredo Cristiani made in view of the escalation of politically motivated crimes against FMLN members."

He added, "The report confirms impunity continues and that death squad structures are operating under a new method." That method would be to link the squads to organized crime that is protected by the government.

The FMLN will ask the Supreme Court to continue investigations into the murders of Francisco Velis, Mario Lopez, and other FMLN leaders. It will make the same request of the Prosecutor's Office.

It will also ask the United Nations to provide a new certification [certificacion] of the Military Intelligence and Territorial Service Battalion, which it regards as a "haven" for members of the defunct National Investigations Directorate, Treasury Police, National Guard, and Civil Defense. They are also asking that military intelligence be separated from public security.

Meanwhile, FMLN leader Francisco Jovel warned that if the government does not continue its investigations, the FMLN will demand before the United Nations that the names of suspected individuals be made public to pressure the government to investigate the people mentioned in the annex submitted to the president.

Guatemala

President To Again Request Amnesty for Former Rebels

PA1708172494 Guatemala City SIGLO VEINTIUNO in Spanish 14 Aug 94 p 6

[Text] President Ramiro de Leon Carpio reiterated yesterday the need to readapt the law and allow a legal parenthesis to achieve the country's reconciliation. The president said that if the four former rebels decide to rejoin their families, based on the amnesty, or to travel to another country, as one of them may do for safety reasons, they are free to do so, otherwise we would not be complying with what has been guaranteed in the overall human rights agreement.

He said their departure from the PMA [Mobile Military Police] took place because they were granted the amnesty, they were enjoying their right to protect their lives, security, integrity, and freedom, and one of them had already asked to be returned to his family.

The president also said that if there are institutions that defend human rights and want to initiate proceedings against the former rebel, they may do so because the state of law in Guatemala is open, but he said that to obstruct the progress toward peace undermines his effort to achieve a reconciliation.

If they are trying to interrupt and obstruct the process, let them be tried, de Leon said. He added that if they can legally be turned over to the courts, it will be done in accordance with the real circumstances.

De Leon Carpio insisted that legal, humanitarian, and political aspects of the case should be taken into account. As for the legal aspect, he said his opinion continues to be the same one that the Attorney General's Office has: that the amnesty was granted in accordance to the law, because the decree—contrary to what other organizations say with an absolute lack of knowledge—has not been repealed.

He said the decree for granting amnesty to those who may have committed crimes up until month x of 1988 is still in effect, even though there are extralegal and extrajudicial [extraactividad y ultraactividad] criteria that may be argued from a doctrinal point of view.

De Leon said that none of them have said they committed a crime yesterday, the day before yesterday, or outside the amnesty and, based on that, the judge, not the executive, granted the amnesty, and if it is repealed now, he will accept the ruling even though the president may disagree.

Likewise, he said the procedure will be amended, and the granting of the amnesty will again be requested. He reiterated that the human aspect is important because in the past, they would not have come out in the open or they would have shown up dead.

According to the president, the call made by the former rebels to their comrades in the mountains to turn themselves in and accept the amnesty is a situation that must be politically exploited.

Nicaragua

Army Willing To Join Multinational Force in Haiti

PA1808021894 Managua Radio Nicaragua Network in Spanish 1200 GMT 17 Aug 94

[From the "This Morning" newscast]

[Text] The Nicaraguan Army is willing to participate in a multinational force in Haiti, as requested by the government of that country, in the second stage of restoring democracy. Army Chief General Humberto Ortega on 16 August told national and international reporters. Gen. Ortega made the announcement after speaking with Mariluci Jaramillo, Assistant U.S. Under Secretary of Defense for Inter-American Affairs.

The U.S. official came to Managua early this week to learn of our nation's participation in the multinational force, as well as to observe the human rights situation and the Military Code being discussed in the National Assembly.

Nicaragua's participation in a multinational military force is a possibility that was first brought up by Nicaraguan Foreign Minister Ernesto Leal after the UN Security Council extended an ultimatum to Haitian Gen. Raoul Cedras. Either he leaves or he will have to face a military invasion.

Editorial Views Goals on FSLN Anniversary

94CA0145A Managua BARRICADA in Spanish 19 Jul 94 p 7

[Editorial: "The Continuity of the Revolution"]

[Text] Today is the 15th anniversary of the revolution that overthrew the Somozist dictatorship, and now the revolution faces formidable challenges: ensuring the continuity and renewal of the transformations begun in the past decade, now in adverse conditions.

The changes that began in 1979 gave Nicaragua an identity as a nation for the first time, and allowed the poorest and most marginalized to reclaim a sense of dignity, social justice, and participation, with a spreading out of power unique in our history.

The overthrow of the Somozist regime was necessary to bring about political and economic changes that would never have been possible with a gradual evolution of the old regime. In that sense, the break with the past by the revolution of 1979, which gave Sandinism a monopoly on power, is a milestone in our national progress that we must perceive as part of the nation's historic heritage.

Consequently, preventing the restoration of Somozist power structures—designed for the social, political, and economic exclusion of the majority of the people and to favor political special interests—is not the sole responsibility of Sandinism; it must be shared by the nation's other democratic groups.

The Sandinist revolution put an end to a two-party system and laid the foundations for a true political pluralism which nourishes democracy, with freedom of the press, elections, and fighting for human rights. Democratic continuity today depends, to a large extent, on its institutional improvement and on the political system's ability to respond to poverty and to the governability crisis.

The revolution also unleashed an organization of peasant, union, women's, youth, ethnic, local power, and other groups, of unimaginable proportions. All these groups form an invaluable asset to ensure the participatory component of democracy, which remains a challenge.

Agrarian reform, by ending the system of large, idle landed estates, led to the emergence of hundreds of thousands of new individual and cooperative landowners. In a second phase of the democratization of property, the workers' struggles led to the creation of associative forms of ownership with the workers' participation. While the new owners' economic viability urgently needs to be strengthened, this is a positive reflection of Nicaragua's development potential.

However, Sandinism must consider self-critically what it has done so it can be transformed and improved, while looking toward the future. The ability to weigh achievements and mistakes does not mean encouraging defeatism or disowning what has been done. On the contrary, only self-critical reflection and action will give credibility and confidence to what the FSLN will offer to Nicaraguan society in the next election. And winning in 1996 is crucial in order to fight for the continuity of the revolution in more favorable conditions.

Commentary Views Consanguinity, Affinity Laws

94CA0145B Managua LA PRENSA in Spanish 13 Jul 94 p 12

[Commentary by Enrique Pena-Hernandez]

[Text] Relationship, properly speaking, that is, relationship through consanguinity is the blood link between people who descend from one person or a common stock. Through similarity or resemblance, the law has created relationship through affinity, which may be either legitimate or illegitimate. According to Article XXII of the Preliminary Title of our Civil Code, legitimate affinity is the link that joins a spouse to the partner's legitimate relatives; and according to Article XXIII *ibid.*, illegitimate affinity is the link between one of two unmarried persons who have had carnal knowledge of each other and the legitimate or illegitimate blood relatives of the other; or between one of two

persons who are or have been married, and the illegitimate blood relatives of the other.

Concerning the news of the possible divorce of the minister of the presidency so he could legally run for the presidency, a LA PRENSA reporter asked for my opinion on this issue. I told him categorically that I was not accustomed to making political statements, but that this issue could be speculation, since the reforms of the Political Constitution (1987), which would prohibit relatives of the president within the fourth degree of consanguinity and the second degree of affinity from being candidates for the office of chief executive, had not been passed, ratified, or promulgated, and so any opinion that might be expressed was premature.

However, statements, opinions, and considerations of all types have proliferated; articles have been published in which the authors reflect on what has been called the ethical or moral aspect of this probable marital dissolution. Some have used this situation to make gratuitous insults, so I consider it prudent to inform the Nicaraguan people, speaking as an attorney and professor of civil law, that even if the minister of the presidency should divorce, the law would bar him from being nominated as a presidential candidate for 1996. He or the attorneys who "advised" him on a possible divorce did so through ignorance or ill will. As people say in good Nicaraguan language: they pulled the wool over his eyes.

The final clause of Article XXII of Preliminary Title C states literally: "Barring legal exceptions, affinity is not concluded by death, even if there is no offspring of the union"; and the Legislative Commission that revised the Civil Code stated: "In our laws there are no legal exceptions of the type of which this article speaks. Article 140 of the Civil Code of Italy provides such exceptions in that legislation for certain purposes."

It follows, therefore, that if death, the most important cause of dissolution of marriage, does not conclude affinity, it is certainly not concluded by divorce, which is another cause of dissolution. Is that clear?

Mr. Lacayo must look for other ways or procedures to become a presidential candidate. Right now, two occur to me:

a) To prevent the prohibitive reforms from being passed; this seems impossible, for Nicaragua is the only country of the Americas in which such prohibitions do not exist; and

b) Lobbying to get a temporary provision inserted in the reforms stating that this prohibition shall not take effect for the next presidential term.

So this clearly explains that in Nicaragua, affinity remains after the dissolution of the marital tie by any means or cause.

Panama

Minister Remains in Post; Slot Machines Seized

PA1708193394 Panama City LA PRENSA in Spanish
17 Aug 94 p 1

[By Lastenia Murillo Munoz]

[Excerpt] President Guillermo Endara yesterday ordered the expropriation of about 1,250 slot machines and placed them at the disposal of National Casinos. Meanwhile, Victor Juliao will remain as finance minister until 31 August.

Juliao resigned last Friday because of the "dirty tactics and discredit campaign" displayed by several companies that participated in a bid to supply slot machines to National Casinos. [passage omitted]

Argentina

'Surprise' Noted Over Iranian's Presence in Ecuador

PY1708170994 Buenos Aires LA PRENSA in Spanish
13 Aug 94 p 3

[Text] Ruben Beraja, head of the Delegation of Argentine-Israeli Associations (DAIA), said on 12 August that the existence of a so-called *Syrian connection* in the bloody attack against the AMIA [Argentine-Israeli Mutual Association] "is not a matter for discussion"; *Syria is included because of its own decisions in the matter*, he said. He said that Syria "is the power that is aware of the training camps existing in Lebanon, and of the existence of terrorist groups. The Syrian connection is not a matter for discussion," Beraja emphasized.

The head of the DAIA indicated that the trip of "repentant" Iranian Manuchehr Motamer to Ecuador came as a "surprise," and he did not reject the fact that "it is a counterespionage maneuver" to draw attention away from the investigation.

Beraja justified his "surprise" over the news of Motamer's trip to Ecuador in light of the "extensive" testimony he had given to Judge Juan Jose Galeano during the weekend following the terrorist attack against the AMIA.

Nevertheless, he considers that the new situation "adds a note of distrust," and preferred to be cautious with his remarks "in order not to fall into the game that counterespionage could be setting up." He also maintained that "there is a lack of coherence between the data that we have in hand and what this man is now adding to his previous testimony," Beraja said.

With regard to the communique that the Supreme Court issued on 12 August reporting on the actions taken following the inquest into the attack on the Israeli Embassy in Buenos Aires in 1992, Beraja said that "it sought to fill an information gap by providing the public with a summary of the work done."

He agreed with Yitzhaq Aviran, current Israeli ambassador in Buenos Aires, about the need for "more concrete evidence on the attack." Still, unlike the ambassador, Beraja conceded that "an inquest had to be held, and some strides have been made so far."

Commenting on another issue, Beraja pointed out that "it would be a great disappointment if the leads provided by the repentant Motamer are simply dropped, as one would have to begin identification the terrorists all over again."

He nonetheless made it clear that "Iran's involvement in the AMIA bombing would in any case be brought up, as it is has been recognized, and not by the courts, but rather as a political reality," adding that "for legal purposes, some of the achievements made so far would just fall to pieces," he added.

Relations With Iran Continue To Deteriorate

PY1708233494 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1453 GMT 17 Aug 94

[Excerpts] Buenos Aires, 17 Aug (NA)—The departure today from Tehran of Argentine Ambassador Mario Quadri del Castillo and the simultaneous exit of Iranian Ambassador to Buenos Aires Hadi Soleymanpur have accelerated the deterioration of relations between the two countries, which followed the judicial investigation of the attack against the AMIA [Argentine-Israeli Mutual Association].

Quadri del Castillo was recalled by the Foreign Ministry. He arrived in Buenos Aires this morning from the Iranian capital with his family. This is presumably a prior step to downgrading the embassy, which could possibly be headed by a charge d'affaires.

Meanwhile, three Argentine prosecutors met this morning in Asuncion, Paraguay, with Paraguayan Judge Carlos Monges to obtain information about the alleged participation of two Hizballah members in the terrorist attack. [passage omitted]

Yesterday, 16 August, was marked by mutual accusations between Argentine officials—including President Carlos Menem—and Iranian diplomats over the first results in Judge Juan Jose Galeano's investigation.

Menem said: "There are indications, semi-conclusive evidence, of the participation of some sector of the Iranian community in the attacks that are being investigated." In other words, the judge presumably has sufficient evidence to arrest the suspects.

The evidence contained in the extensive AMIA dossier presupposes that three former Iranian diplomats and a parliamentarian are involved in the case and this is why Judge Galeano on 9 August asked for their capture at the international level.

Galeano bases his case on leads by an alleged repentant Iranian, Manuchehr Motamer, who is currently in Quito, Ecuador, under the protective umbrella of the UN High Commission for Refugees.

Motamer's situation, who is in Quito with his wife and four children, became more complicated during the past few hours because Iran has asked for his extradition even though it does not have an embassy in Ecuador.

It has been learned that Tehran will request the extradition of the "repentant" Iranian following a court decision that considers him a suspect in a case of fraud, perjury, and bribery, according to an Iranian official identified as Dadvakili by Iran's official radio station.

Video Aired Showing Iranian Call for Destruction of Israel

PY1708221094 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1503 GMT 17 Aug 94

[Text] Buenos Aires, 17 Aug (NA)—A videotape of a meeting in which Iranian diplomats accredited in

Buenos Aires and Uruguay proposed the destruction of the state of Israel was aired today.

Israeli Ambassador to Buenos Aires Yitzhak Aviran said: "This is new evidence of the participation of Iran in terrorist incidents." He said: "It demonstrates that its diplomats, who should be working to strengthen ties with the countries to which they are posted, are struggling and killing for a destructive cause and against peace."

The meeting was held on 11 April 1991 on the first floor of the Molino Tea Room, opposite Congress. During the meeting Rahmabottah Bakhatiary, the then third secretary of the Iranian Embassy in Uruguay, stressed that "when we Muslims shout 'Down with Israel,' it means Israel will be destroyed."

Mahamad Abd Kosae, the former counselor of the Iranian Embassy in Buenos Aires—who left Argentina at the beginning of 1994—also participated in the meeting held to commemorate the Day of Palestine.

The video was broadcast today during the "La Manana" program of ATC [Argentina Televisora Color]. Ambassador Aviran said: "This is reminiscent of the religious wars of past centuries with Muslim propaganda against Israel."

The Israeli diplomat added that Palestinians "are using an ideology that is based on religion," but made it clear that "they are mistaken, because we are staying."

Foreign Ministry Secretary General Andres Cisneros said his impression of the video is that "this is not just a philosophical specter of something distant in space, it is also from another time."

"It is like the Western concept of the 10th Century. The concept is being defeated, even in the Middle East, but we Argentines must become accustomed to the fact that there are people in the world who still think this way," he stressed.

Cisneros said that in the Middle East "there is a peace process that is fundamentally based on the recognition of the state of Israel and on the recognition of the state of Palestine. Those who have fought for decades are now reaching agreement, and that is decisive for the world."

Di Tella: Iranian Blame in AMIA Explosion Not Yet Proven

*PY1808022194 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1914 GMT 17 Aug 94*

[Text] Buenos Aires, 17 Aug (NA) — Foreign Minister Guido Di Tella said today that the return of Ambassador Mario Quadri del Castillo from Iran "is, in diplomatic language, a signal that means that there is a problem," but he stressed that the responsibility of the Iranian Government in the attack against the AMIA [Argentine-Israeli Mutual Association] "has still not been proven."

Di Tella termed as "symmetrical" the attitude of the Iranian Government in recalling its diplomatic representative in Argentina, Hadi Soleymampur, for "consultations," and he indicated that the eventual rupture of relations with Iran "will depend on the progress of the investigation and the evidence that it produces."

The foreign minister made these remarks at the conclusion of a private meeting with the members of the Foreign Relations Committee of the Chamber of Deputies, to whom he reported on the status of relations with Iran and the "latest data pertaining to the investigation" into the AMIA attack.

Radical Civic Union [UCR] Deputy Federico Storani said that "in the name of the UCR" he had asked Di Tella "to tell the president (Carlos Menem) that he should use caution and prudence in the remarks that he makes, because they involve all of us."

In this respect, Di Tella explained to the congressmen that when Menem spoke about the existence of "semi-conclusive evidence" regarding an alleged link "between the Iranian community" and the AMIA attack, he was really "specifically referring to the four persons who have been accused by the judge (Juan Jose Galeano)."

Storani held that "our government cannot remain in the midst of what may become an escalation of a distant conflict that, unfortunately, has been implanted in our country."

In response, Di Tella said that "it would be a success for terrorism if we acted without principle or outside of the law," and he added that "the Foreign Ministry in particular, due to its central role in relations with Iran, has adopted a role more systematic than prudent."

"The irritation factor between the parties lies in the fact that the Iranians disqualify Argentine justice and we believe that that justice is acting correctly," he said.

Di Tella also indicated that the trustworthiness of the testimony of the Iranian repentant, Manuchehr Motamer, "is being evaluated." Judge Galeano based his decision to request the arrest of four Iranian officials on this testimony.

Storani termed as "imprudent" Galeano's role in the case, and he emphasized that "the judge should never have said that the people were going to fall over backward with his discovery, and he is now basing his whole investigation only on the testimony of a repentant, and this is not a very trustworthy thing."

Regarding the alert that was launched by the government during the past few days indicating that there existed the possibility of another terrorist attack, the foreign minister stated that "to inform was the right decision," and he stressed that "the people were treated as adults."

"It is evident that we cannot have the illusion that we are immune to the problems of terrorism," he added.

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The foreign minister termed as "not very auspicious" the remarks made by Taira Rabbani, wife of Moshe Rabbani, the cultural attache of the Iranian Embassy in Buenos Aires, who warned that Argentina "is going to regret" the accusations it is making.

Iranian Embassy Officially Reports Soleymanpur's Departure

PY1808011494 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 2236 GMT 17 Aug 94

[Text] Buenos Aires, 17 Aug (NA) — The Iranian Embassy in Buenos Aires today officially informed the Argentine Foreign Ministry that Ambassador Hadi Soleymanpur has been recalled to Tehran "for a series of consultations."

The note, which arrived at the Foreign Ministry 24 hours after Soleymanpur had left Buenos Aires, indicates that Gholamreza Zangeneh, second secretary and charge d'affaires, will head the embassy while the ambassador is absent.

The note suggests the idea that the ambassador's absence will be a temporary one, based on the phrase that indicates that the charge d'affaires will head the embassy "during the absence" of the ambassador.

Soleymanpur departed from Buenos Aires at noon on 16 August after Iran had ordered his return "for consultations" in Tehran, in a decision similar to the recalling of Mario Quadri del Castillo, Argentine ambassador to Iran.

'Harsh' Response to Iranian Note Postponed

PY1808014294 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 2320 GMT 17 Aug 94

[Text] Buenos Aires, 17 Aug (NA)—Diplomatic sources revealed today that the Foreign Ministry has decided to postpone until at least next week the dissemination of the answer to the note that the Iranian Government handed to the Argentine charge d'affaires on 12 August in Tehran. In the note, the Iranian Government rejects the accusations against Iranian officials who are allegedly linked to the AMIA [Argentine-Israeli Mutual Association] attack.

The Argentine answer, which was to have been submitted today, was postponed by the government, basically with the objective of "toning down" the current tense situation in relations between the two countries.

Foreign Ministry spokespersons told NOTICIAS ARGENTINAS the postponement is also due to the Supreme Court delay in making known whether it will take charge of the investigation concerning the attack. This decision may be handed down by the court on 18 August after the meeting that its members are due to hold.

The spokespersons also indicated that the decision is based on the need to await the course of events of the investigation in order to "see whether new hard-core accusations are made."

According to the spokespersons, the Foreign Ministry's answer will have the same tenor as the one that Foreign Minister Guido Di Tella handed to the Iranian ambassador in Buenos Aires, Hadi Soleymanpur, on 11 August, although this time, according to the spokespersons, the note will contain a "harsh" answer.

On 12 August Iran handed the Argentine authorities another note in which it insisted on stressing that the decision handed down by Federal Judge Juan Jose Galeano last week "does not contain any evidence."

Justicialists Propose 3-Month Extension of Menem's Term

PY1708223294 Buenos Aires BUENOS AIRES
HERALD in English 17 Aug 94 p 3

[Text] Santa Fe (DYN-NA)—The Justicialist Party last night presented a formal motion to the Radical Party for the extension of President Carlos Menem's term by three months in order to unify next year's presidential and general elections.

Under the plan, presented by Constituent Assembly President Eduardo Menem and Peronist caucus head Augusto Alasino, the head of state would remain in office until October and a general election would take place in August.

President Menem's term expires next July, while other elected authorities are scheduled to remain in office until December 1995.

While Radical Chairman and caucus leader Raul Alfonsin said last night he was not ready to respond to the proposal earlier in the day other Radicals planned any extension plan. [sentence as published]

Senator Fernando de la Rúa proposed applying the law of succession to postpone next year's presidential election until October while avoiding granting President Carlos Menem additional time in office.

"It is preferable that some other member of the executive branch take charge," the Radical politician told Radio Mitre in Buenos Aires. He did not suggest who might replace Menem.

While De la Rúa admitted holding one set of elections would be "the most logical for the country" he said extending Menem's six-year term "would be paying an extremely high political price."

Carlos Alvarez Named Grand Front Presidential Candidate

PY1708224094 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1212 GMT 17 Aug 94

[Text] Santa Fe, 17 Aug (NA)—During a meeting in which FG [Grand Front] Deputy for Buenos Aires

Fernando "Pino" Solanas, who remained in the federal capital, did not participate, the FG Promotion Board decided to field FG Deputy for Buenos Aires Carlos "Chacho" Alvarez as a presidential candidate.

During the meeting, held at a downtown hotel in this city last night, Alejandro Mosquera, a Communist Party of Argentina [PCA] dissident, was included in the FG Promotion Board after a decision was made to leave out PCA Secretary General Patricio Echegaray because he disagrees with dissolving the PCA.

The FG Promotion Board called on the FG alliance to form a party and requested, therefore, the dissolution of the parties that make up the FG.

The FG Promotion Board includes, among others, Carlos "Chacho" Alvarez; Fernando Solanas; Carlos Auyero; Mary Sanchez; Graciela Fernandez Meijide; Juan Pablo Cafiero; Anibal Ibarra; Marcelo Vensentini; Rodolfo Rodil; Alberto Piccinini; and representatives from the provinces of Santa Fe, Cordoba, Rio Negro, Entre Rios, Chubut, and Neuquen.

'Albatros Commando' Claims Attack on Coast Guard Station

PY1708212494 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1307 GMT 17 Aug 94

[Excerpt] Buenos Aires, 17 Aug (NA) — The Albatros Commando claimed responsibility, through a telephone call by a person who said he belonged to the organization, for the attack against the Argentine Coast Guard station located in Baradero.

Jose Pancero, editor of the newspaper LA NUEVA OPINION of Baradero, today reported that the newspaper had received a long distance telephone call with the message that the Albatros Commando had claimed responsibility for the attack.

The Albatros Commando was an elite unit in the Coast Guard; it was disbanded after it joined the 1990 Painted Faces rebellion headed by Colonel Mohamed Ali Seineldin.

The Baradero Coast Guard station was attacked on 16 August at approximately 0230 [0530 GMT]; no one was wounded. [passage omitted]

Agricultural Producers Begin Nationwide Strike

PY1708023694 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1528 GMT 12 Aug 94

[Text] Buenos Aires, 12 Aug (NA)—Agricultural producers went out on strike on 12 August. The nationwide strike, which will last 10 days, was extensively observed in the interior. Some isolated incidents were registered in Santa Fe Province, where trucks were attacked because their drivers did not strike.

Some incidents were reported in Armstrong, located in southern Santa Fe, nearly 100 km from Rosario, when a

group of producers posted on both sides of Route 9 stopped three trucks that transported soy-beans and obliged their drivers to overturn or tip over the contents of the shipment.

It was also reported that stones were hurled at other trucks that passed by and did not observe the strike.

President Carlos Menem played down the agricultural strike this morning, terming it "a clearly political measure." He asserted that "it does not alter the country's activities in the least."

This notwithstanding, agricultural leaders were of one mind about the fact that observance of the strike "surpassed their own expectations." They estimated that the stoppage, which will last until 21 August, will be "a success."

Argentine Rural Confederations (CRA) President Manuel Cabanellas said that the stoppage expresses their dissatisfaction at not having been heard for a long time. "He demanded "a change of attitude" by the government.

"We want an open and sincere dialogue to work out solutions. (Economy) Minister (Domingo) Cavallo treated us with haughty contempt," he complained.

Cabanellas made it clear that "we do not have anything against the agricultural secretary," Felipe Sola, but considered that "if the ministry establishes the cue to look down on the agricultural sector, dialogue at lower levels is sure to yield no results."

Argentine Agrarian Federation (FAA) Vice President Rene Bonetto also made charges against the economy minister, accusing him of "adamantly sticking to his ideas and of despising problems confronting people of the rural areas."

"We intend to strike a blow against him where it hurts him most," he stressed, adding that "they cannot say that we have not been patient, because we have had lengthy discussions, but to no avail, and the agricultural situation is inexorably worsening."

Mario Llambias, the president of the Confederation of Buenos Aires and La Pampa Rural Association, denied, on his part, that the strike was politically motivated, "as Menem charged. He asserted that "it is a real situation of which the president is well aware."

Llambias stated that "we, the producers from the humid pampas, are going through a very bad situation because we have problems pertaining to the quantity we produce and the profits we make." He added that the strike "serves to tell Cavallo that we want to be part of the country."

From early this morning the government tried to play down the strike and Menem himself, speaking on the radio, said that "the peasant who works all the time will not play the game of vested personal interests which have nothing to do with the Argentina we are constructing."

The head of state acknowledged that "there are some among those living in rural areas going through a difficult moment," and yet he wondered "what else is there for the government to do" in this area.

"Everything we did for the agricultural sector had never been done in the last decades of the history of the Argentine Republic, since we eliminated many taxes and granted accessible credits," he added.

In remarks made to Radio La 9.90, Menem stressed that "this measure does not help at all; rather, it hampers the good relations the government has always had with so important a sector of Argentine production."

The strike has been extensively observed in several regions of the interior, where producers are flexing their muscles for the demonstrations they are going to stage near highways in the forthcoming days.

In Santa Fe Province, some producers belonging to the FAA decided to go to highways used to transport agricultural produce to the City of Buenos Aires to "monitor the strict observance of the strike through picket lines."

In Cordoba Province, the strike is widely observed, although it is estimated that there will be no shortage of commodities."

Farmers from Buenos Aires's green belt are only engaged in activities in their property, but they have not interrupted the supply of fruits and vegetables to the city's markets.

The Association of Grain Stockists has expressed its solidarity with producers. Still, if their clients happen to place orders with them, they will duly comply with them.

Bolivia

YPFB President Views Capitalization Process

94SM0432A La Paz PRESENCIA in Spanish 15 Jul 94 p 2

[Interview with Mauricio Gonzalez, president of YPFB, Bolivian Government Oil Deposits Company, by 'Friday Dialogue' column staff; date and place not given; first four paragraphs are editorial introduction]

[Text] The process of capitalization of the Bolivian Government Oil Deposits Company (YPFB) is being handled in terms of the urgent needs and requirements of the state owned company. Mauricio Gonzalez, the president of the company, has stated that the changes in the YPFB are being made at the right time to develop the hydrocarbon potential of Bolivia.

Interviewed by a writer for 'Viernes de Dialogo' [Friday Dialogue] in his office, Gonzalez, using a series of data and maps, referred with enthusiasm to the plans, changes, and strategies which are being adopted to shape the new company.

This process, now fully under way, has unyielding deadlines. Before 17 August the YPFB will have a strategic partner to carry on the construction of the natural gas pipelines to Brazil. By the same date the financial arrangements will be presented by the First Boston Bank to the authorities of the YPFB as well as those of PETROBRAS [Brazilian Petroleum Corporation].

And at the latest this process should have been completed by the middle of 1995. After then a new history of petroleum operations in Bolivia will begin.

The Labyrinth of the Capitalization of YPFB

[PRESENCIA] What are the principal elements in the process of capitalization of the Bolivian Government Oil Deposits Company (YPFB)?

[Gonzalez] There are three simultaneous equations which must be solved in connection with the capitalization of YPFB: basic legislation, opening up the natural gas markets, and the process of capitalization as such. These are three pillars which must be resolved simultaneously because, if this is not done, the whole structure will collapse.

The Natural Gas Markets

I will begin with the natural gas markets. Bolivia has reserves categorized as proved, probable, and possible, at various levels of the subsoil, amounting to 7.0 billion cubic meters of natural gas. This means that, taking into consideration the fact that we have requirements of 3.7 billion cubic meters projected over the 20 years of our sales contract with Brazil, we have ample productive capacity and an ample volume of existing, natural gas.

As a point of reference, we should say that when we began the export of natural gas to Argentina, we had 2.9 billion cubic feet of reserves. During the 21 years that this contract has been in effect, we used 2.0 billion cubic feet (1.4 billion cubic feet in direct exports and 0.6 billion cubic feet for the domestic market and for other purposes). This would assume that in 1993 we should have had 0.9 billion cubic feet of natural gas remaining (the 2.9 billion cubic feet we had at the beginning of the period less the 2.0 billion cubic feet which were used up). However, we now have 7.0 billion cubic feet. This shows that when there are markets for natural gas, people look for gas, they find it, they develop it, and our reserves grow. In that context the natural gas markets are of fundamental importance.

Added Value

The country has three large, natural gas markets. The first one is Argentina. (We have now extended the sales contract for three more years). The second market is Brazil, which is of fundamental importance. However, for this market to take shape in a concrete form a lot of work needs to be done, because PETROBRAS has to resell the natural gas to distributing companies or electricity generators. Those markets have to be identified.

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PETROBRAS is making a great effort, since Brazil is becoming accustomed to using natural gas for home and industrial purposes.

In this area there is the matter of developing our own strategy regarding natural gas. The objective is to provide the gas with increased, added value. Previously, we sold the gas at the wellhead. That is to say, some company came along, set up a pipeline, and developed the market. We sold the natural gas only where the pipeline began, and that was that.

At a time of low hydrocarbon prices (Petroleum prices in particular are low.) and due to transportation charges we can only make a limited amount of money from sales of natural gas. So, what should we do? We could create a greater amount of added value, that is, have an important interest in the pipeline and even in the electricity generators. We could obtain greater added value for our gas and we would be getting closer to the markets. Furthermore, as a result of all of these activities, the price effectively obtained for our natural gas would be higher.

In view of the fact that we have to finance this project until 17 August, as set down in the contractual agreements, it is a matter of urgency to develop this strategy. For this purpose we should choose an associate to work with us in making this objective a reality.

A Glance at the Pacific

At the same time we have another opportunity nearby, another market of great importance—the northern part of Chile. To service this market, we could build a pipeline which would start from Villamontes, pass through the southern part of the Department of Potosi, near Laguna Colorada, continue through part of the Sur Lipez area, and then enter Chile, reaching as far as Tocopilla and Mejillones, certainly with a branch line to Chuquicamata.

The importance of this project is that we could sell between 4.0 and 7.0 million cubic meters of natural gas daily. For purposes of comparison, let us think of Argentina, where we sell 6.0 million cubic meters daily and of Brazil, where we will begin selling 8.0 million cubic meters daily, rising to 16.0 million cubic meters daily. For this purpose we will build a 28 inch pipeline.

Then it would make sense to think of selling natural gas to Chile and of building a 20-inch pipeline to serve this market. However, this project requires making decisions quickly, because at present in the northern part of Chile electricity is generated with coal. What we would like to do is to replace coal with natural gas to generate electricity there. Furthermore, at this time there are two electricity generators under construction. In their specifications no decision has yet been made as to whether they will operate on the basis of coal or natural gas.

If we lose this market opening, it will, in effect, make it much more complicated to enter the energy market of

northern Chile. In that case we will not be able to reach the Pacific Ocean with a natural gas pipeline and so open up important market prospects.

For those reasons we regret that under the previous Bolivian administration our leaders ignored the Chilean market, from the tactical point of view. This has harmed the prospects for this entire stage, but we want to make up for lost time.

That is why, in developing these projects, we want to play a major role in the construction of the natural gas pipeline and to invest in thermal electricity generators. For that purpose we need an associate to help us to turn these projects into a reality. We need an associate for reasons of technical capacity, marketing, and finance.

I want it clearly understood that this matter does not so much concern capital but is part of the strategy of finding markets for our natural gas, an important condition for capitalization to take place under optimum conditions. In short, that is what we are doing in the natural gas markets, because if there are no markets for our natural gas, how are we going to capitalize the company? Therefore, this task is of fundamental importance.

Legislation

The second issue involved in capitalization concerns legislation, which means setting down clear rules of the game. If there is no legislation on this subject, there will be no rules of the game, and the companies which come in to invest will not know what rules they are subjecting themselves to. In this context there are three components: a law on hydrocarbons, deregulation of the petroleum sector, and questions concerning the environment.

Law on Hydrocarbons

The law on hydrocarbons must define how contracts for exploration, production, sales, refining, and the construction of pipelines will be handled. In other words, all stages of the industry.

Then it will be necessary to provide for a new system of taxation, because the present system has its shortcomings and does not encourage investment. In small fields, for example, the present system provides for set periods of time which, occasionally, make their development uneconomic. Therefore, the present system provides no incentive for investment.

Obviously, the objective is to have a just return for the various parties, both for the State as well as for the contractor.

There is also the matter of the payments which the YPFB makes to the national Treasury. The proposal is that these payments, which are sometimes difficult to define, should take the form of taxes. In this way the relationship would become more sincere.

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[PRESENCIA] Are those taxes going to be paid under a system similar to the one existing now regarding payments under a system of joint participation, so that it will not prevent participation by the people?

[Gonzalez] I could not answer that question because it is a matter for the Secretariat of the Treasury. I am not very sure of how these matters relate to each other. What we know is that we pay a certain amount of money to the TGN [Bolivian Treasury]. What does the TGN do with it? I do not know. What is it thinking of doing with it? I do not know.

[PRESENCIA] You make reference to the percentage earmarked for the participation of the people through....

[Gonzalez] We pay to the TGN 65 percent of the income obtained from domestic sales of petroleum products, including the VAT [Value Added Tax] and the transfer tax. Taken together, these probably amount to a tax of about 15 percent or less on production. The rest involves a transfer of funds.

As I said, we wish to turn that transfer into taxes through a flexible system so that one tax will be collected at the production stage, another at the refining stage, etc. As a result there will be openness in all of the different components of the marketing chain.

Deregulation

The second element is the system of deregulation, which is being handled by the Secretariat of Energy. If we want to have dynamic and competitive companies at the different stages of the marketing chain, it is important to deal with this matter.

We hope that those two provisions will already have been implemented by the end of 1994.

The Environment

The third element concerns environmental regulation. It is interesting to note that many possible investors are less concerned about financial, including labor, liabilities than they are concerned about environmental liabilities, because they think that some group concerned with the protection of the environment could sue them for ecological damages and that a judgment would be handed down against them, requiring them to clean up the environment completely.

For that reason we have drafted a regulation which we have worked out with the contracting companies. We think that it is one of the most modern of its kind. At this time the proposed regulation is being considered by the Ministry of Sustained Development. I believe that by the end of August 1994 appropriate action will be taken to give it legal force.

[PRESENCIA] The years during which the YPFB has carried out its work and operations in Bolivia have had some impact on the environment....

[Gonzalez] Of course. Where a well has been dug, some ecological damage has been done.

[PRESENCIA] Have you calculated the amount of that damage?

[Gonzalez] No. However, we are now conducting hearings on everything involved in that environmental impact, so that, when we prepare the related studies, that will be clearly stated and, in that way, we will overcome the fear which this subject causes among possible investors.

I would not want to have people think that the YPFB does not take the environment into account in its operations. However, whenever you carry out a public works project (for example, building a road or drilling a well), there is always some ecological damage. But now the cost can be calculated. When we carry out a project we follow procedures and standards and have environmental hearings.

In this respect with our own assets and with \$9.0 million in support from PETROCANADA [Canadian Petroleum Corporation], through the Canadian Government, we are using international standards to adopt procedures affecting the environment. That is very important. In all of our operations we hold hearings, issue reports, and make evaluations on the environmental impact.

Those are the three elements of the legislative work which make up the second leg supporting this situation.

Capitalization As Such

The third element, as I was saying, is capitalization as such.

[PRESENCIA] Will YPFB follow the course followed by the ENDE [National Electricity Enterprise] by dividing itself into sectors for capitalization?

[Gonzalez] We are studying the existing alternatives. That is why, for example, we are keeping the area reserved for exploration. That is, with some exceptions, we are keeping the maximum number of areas available to us until we adopt a very clear policy on which exploration areas we are going to join together. The idea is to have a YPFB which is ultimately strong, on the basis of a dynamic system which is competitive in the hydrocarbon sector.

At this time, apart from the YPFB, there are five companies which are producing oil. That is, there is no monopoly in the production section, but their proportion of total production is very low. We have a national production level which, after a great deal of effort, has reached 30,000 barrels per day. (This amounts to an increase of 20 percent over the period from January to June 1993, when production amounted to 24,200 barrels, which is virtually nothing at all).

Of the 30,000 barrels per day the YPFB produces 23,500 barrels per day, while the contracting companies produce 6,500 barrels per day. YPFB also receives a percentage of the output by the contracting companies.

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Regarding exploration, we have 18 operational contracts in effect, and we are about to sign five more such contracts.

Obviously, that shows the commitment which we have made to ensure that the petroleum sector is dynamic and competitive.

On the other hand, since we are dealing with a small, domestic market such as ours, we must be careful about policy formulation because when you begin to split up something which is already small, it automatically can become uneconomic to do so.

Therefore, although we have not come to any definitive conclusions, we intend to keep the YPFB going as a company, because of the small scale on which we are operating, keeping in mind the fact that in many areas there is already strong competition. For example, only 20 percent of the gasoline pumps belong to the YPFB. The rest of the pumps belong to private companies, particularly in Santa Cruz, Cochabamba, and El Alto, although less so in La Paz. (All of the gasoline pumps in the southern part of the country are privately owned.)

I repeat that, although we have not reached definitive conclusions, our feeling is clearly that, due to the very small size of the market we are talking about, the YPFB should be kept together as a single company which will be privatized in due course.

Openness, the Mother of All Contracts

As well informed observers recognize, drafting contracts concerning the exploration, production, and commercial sale of hydrocarbons is a complicated issue throughout the world.

The Bolivian Government Oil Deposits Company (YPFB) is no exception to that phenomenon. At present it is a party to five production contracts and 18 operations contracts with private companies. There is a possibility that another five such contracts will be signed. This was stated by Mauricio Gonzalez, president of the YPFB.

Nevertheless, this concerns a slow-moving process of negotiations. Gonzalez said: "At present you can spend two years in negotiations over two clauses. The present system is not a good one." After saying this he stated: "In the new law we are trying to introduce radical changes to ensure openness, flexibility, and speed as well."

Asked about the future of the contracts now in force, once the YPFB is capitalized, Gonzalez said that the legal aspects are being studied, and "we are talking to the companies about their preferences. However, we also see that the state does not always handle business with private companies very well."

He continued: "There is still nothing definite about this, but we see clearly the limitations faced by the state, at times, in adopting a business point of view." He emphasized that the state, "has not always shown itself to be a

good administrator. As a result, we are looking at alternatives, but we have not yet come to any conclusion."

Regarding the new contracts which may be signed, Gonzalez pointed out that they would be handled under "a very open system. They will be resolved rapidly by investment programs which the companies involved would have to undertake under an already established tax system."

Capitalization Suited to the Size of the YPFB

Under instructions issued by the Office of the President The Bolivian Government Oil Deposits Company (YPFB) should be operating as a capitalized company by the middle of 1995. However, Mauricio Gonzalez, its president, said: "If this can be accomplished sooner, so much the better."

Asked about a possible reduction in the number of employees, which is one of the fears of its workers, Gonzalez stated that this view is incorrect. He said: "If we compare the situation, we will have the same number of employees as in October 1993. Therefore, it would be wrong to be talking about a radical reduction in the number of employees. This is an important fact which clearly demonstrates that we do not anticipate large scale dismissals."

Later, Gonzalez explained the advantages of the capitalization of the YPFB, based on his view that this process will make it possible "to obtain large increases in investment, because capitalization has a goal in itself, which is investment."

From \$90 Million to \$400 Million

Gonzalez stated that in 1993 the YPFB invested \$90 million, including about \$25 million in loans from suppliers, \$35 million in external loans, and \$30 million from its own resources. He said: "That is, two-thirds of the investments were made with borrowed resources." He then went on to say that "investments of that kind cannot be sustained over a long time. In that context it will evidently be necessary to change the system. Instead of investing \$90 million, we will invest \$400 million per year. This is incredible but correct."

To justify his view that an investment of \$400 million is not outlandish, he brought out a series of maps and explained that the hydrocarbon-bearing potential of the country is contained in 608,000 square kilometers, located in the "Altiplano" [High Plateau], the Sierra Madre mountains, the northern Subandean area, the plains of the Department of Beni and of the Chaco region, the piedmont, the southern Subandean area, and the Chiquitania region. However, the YPFB produces oil only in an area of 91,000 square kilometers (15 percent of the potential area). That is, he said, "In the other 85 percent of the potential area not even a drop of oil is being produced, because we have not invested enough."

He continued: "That is why, perhaps, we can send a message that the objective of capitalizing is investing. We can invest because it can be seen that recently we have only been scratching the surface." Gonzalez stated: "During our petroleum producing history, which began in Bermejo in 1924, we have drilled 470 exploratory wells, which means six wells per year. This is a minimum amount for the potential which the country has. He said: "That shows the need for increasing our investments by a massive amount. The practice of obtaining loans to explore for oil is not the right way, since you cannot go on borrowing money to explore for oil, since this is a very high risk operation. So capitalization turns out to be a made-to-measure solution for YPFB's needs."

He added that only in the case of the sale of natural gas to Brazil has the total investment been high. For the construction of the pipeline in the Bolivian sector \$450 million are needed. Gonzalez stated: "On the other hand, without discovering a single new field we will need \$850 million for the development and security of the field. That is, a total of \$1.3 billion without finding another field."

Gonzalez added that about \$2.0 billion needs to be invested, on the one hand, in a 10-year exploration plan, of which almost \$600 million would be used during the rest of this century. On the other hand \$1.4 billion could be used in the development of oil fields and pipelines to move production from the newly discovered fields to market.

Gonzalez said that by adding all of this up, "We need about \$3.3 billion. If we continue investment at the rate of \$90 million per year, how much time would we need to meet our needs?"

He was satisfied to note that, "Therefore, instead of investing \$90 million we need to invest \$400 million per year. We have investment projects. What we do not have is the money."

[PRESENCIA] Of that sum of \$400 million what will the new YPFB company invest and what percentage will foreign investors put up?

[Gonzalez] We may be speaking of rather more than this, but foreign investors will initially put up two-thirds—one-third at first and then on a 50-50 basis over time. However, capital is needed. That is why capitalization is so important and is made to measure for what YPFB needs.

Brazil

Franco, Bolivia's Sanchez Said To Reach Accord

PY1808040394 La Paz Television Nacional Network in Spanish 0100 GMT 18 Aug 94

[Excerpts] The latest report from Brasilia is that Bolivian President Gonzalo Sanchez de Lozada and his Brazilian

counterpart Itamar Franco postponed today the signing of the binational energy integration agreement.

Rumors reached La Paz today about a disagreement on the construction of the gas pipeline when the deadline for establishing the construction conditions ended today. The disagreement led to the postponement until tomorrow of the second meeting between Sanchez de Lozada and Franco, which was scheduled for today. [passage omitted]

We received a call from Brasilia three minutes ago from a member of the Bolivian delegation, who confirmed to us that an agreement was reached, that the agreement will be signed in Brasilia tomorrow at 1030 with the participation of the Bolivian and Brazilian presidents, and the presidents of the Bolivian Government Oil Deposits and Petrobras [Brazilian Petroleum Corporation] of Brazil.

President Sanchez de Lozada will officially report to the people about the content of the agreement in a news conference tomorrow at 1730 here in La Paz. [passage omitted]

Chile

Drug Consumption, Money Laundering Bill Viewed

PY1708215994 Santiago EL MERCURIO in Spanish 5 Aug 94 p C6

[Text] A draft bill that drastically punishes drug trafficking, the laundering of money obtained through drug trafficking, and the consumption of narcotics in public and in private nearly became law yesterday.

The Chamber of Deputies unanimously approved the mixed commission's proposal on the dispute between the two houses over a draft bill which punishes the trafficking of narcotics and psychotropic substances and which replaces Law No 18403.

All that is left is for the Senate to approve this draft bill. This will happen next week. The initiative, which was subject to more than three years of debate in Congress, will then be approved by Congress and sent to the president for promulgation.

The draft bill was submitted to Congress by the executive branch in 1991. It was accompanied by recommendations and proposals of the Chamber of Deputies' Special Commission in charge of investigating the narcotics problem in Chile. Justice Minister Soledad Alvear and all the deputies involved in the debate term it an "effective tool" to fight drug trafficking and money laundering.

One of the main points of this draft law is that it defines the crime of money laundering and establishes effective regulations to investigate and punish those guilty of this crime.

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The National Defense Council is empowered to investigate suspect cases of money laundering and has the authority to lift bank secrecy without the need for a court warrant; it just requires the approval of two thirds of the its members.

It safeguards bank secrecy and imposes severe sanctions on those who disclose information to third persons. This crime is punishable with 541 days to 5 years imprisonment and fines of 700,000 to 3.5 million Chilean pesos.

The bill also sanctions the consumption in public of narcotics as well as their premeditated consumption in private premises.

The punishment for this include fines, the withholding of documents (driving license), and alternative sanctions such as social work from 1 to 50 days to be completed on weekends and public holidays, or the compulsory participation in the prevention and rehabilitation programs in institutions regarded appropriate by the respective Health Service. These institutions will be financed by law with the funds confiscated.

The bill also punishes those who provide premises for parties (discotheques, schools, universities, for example) where drugs are frequently consumed, if it happens and nothing is done to prevent it or if it is not reported. These people will be sentenced to 541 days to 5 years plus one day imprisonment and fines of up to 10,000 pesos.

The bill creates the role of "secret agents;" police officers to infiltrate drug rings, identify their members, and dismantle them. It also provides legal benefits for those who "efficiently cooperate" with justice.

The draft law establishes very drastic penalties for all crimes mentioned in its articles (59 permanent articles and two transitory ones), that range from 541 days to 15 years imprisonment. In the case of money laundering, the prison sentence ranges from 5 years plus one day to 15 years and fines of up to 10 million pesos.

Minister Alvear voiced her confidence that the mixed commission's proposal will be unanimously approved by the Senate next week.

She noted the importance of this law because it provides expeditious procedures to investigate and adequately punish crimes related to money laundering and drug trafficking by granting the National Defense Council authority to investigate with the minimum authorization of an ordinary court, to ban individuals from leaving the country, and to take other precautionary measures.

Colombia

University Students, Police Clash in Barranquilla

PA1808013594 Santa Fe de Bogota Inravisión
Television Cadena 1 in Spanish 0000 GMT 18 Aug 94

[Report by Jorge Cura from the "24 Hours Newscast"]

[Text] Violent student protests disrupted activities today at Atlantico University in Barranquilla. The pitched battle with police left a number of people injured and arrested.

Disturbances to protest the death of leftist leader Manuel Cepeda Vargas began at 0930. At that time, several hooded students blocked 43d Street, stopped an city bus, and proceeded to torch it. Before setting the bus on fire, the students forced the passengers out. The bus incident was not the only violent incident to occur.

Some 30 minutes later, police arrived at the scene. A riot truck cleared the area surrounding the university, but the students who began the disturbances continued to fight police from high rises at the university. The youths hurled stones at police, and some hurled bottles, presumably Molotov cocktails, to drive off the authorities.

Police opened fire several times. Some policemen hurled tear gas in an effort to disperse the demonstrators. A pregnant woman had to be evacuated from within university grounds and later transferred to a hospital.

Two hours later, clashes still raged and students did not show any signs of letting up. The situation was brought under control two and a half hours later. At this time, everything remains calm and the order was given to resume classes as soon as possible.

Government Announces Priority Bills for Congress

PA1708165794 Santa Fe de Bogota Inravisión
Television Cadena 1 in Spanish 0000 GMT 17 Aug 94

[Report by Azucena Lievano, from the "24 Hours" newscast]

[Text] The government announced today the priority bills it will send to Congress for approval during this new legislative session. The Council of Ministers decided special attention will be paid to reform of the Penal Code, to changes regarding the prosecution of criminals. The creation of a national intelligence system will be proposed. A bill on the opposition statute [estatuto de oposicion] will be presented. The conversion of the Government Ministry to the Interior Ministry, with more emphasis on decentralization will be sought. Other bills deal with territorial organization, the definition of the duties of the vice-presidency, and modification of the Foreign Trade, Military, and Police Codes.

The government will propose a total of 40 bills, 20 of which have have already been drafted.

Meanwhile, new Transportation Minister Juan Gomez Martinez, who was sworn in by President Ernesto Samper, promised to build a subway for Santa Fe de Bogota and to repair the highways in Colombia.

[Begin Gomez Martinez recording] Unfortunately, money is needed to repair things. It seems there is not enough money, but it will have to be obtained through

credits or however else we can get it. We shall have to see how we can get the money. [end recording]

The government will define its agricultural policy tomorrow. President Samper will make known the measures for the Colombian agricultural sector.

Congress President on Proposals, Congress Budget

PA1708203194 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 17 Aug 94

[Telephone interview with Congress President Juan Guillermo Angel by unidentified correspondent—live]

[Text] [Correspondent] Good morning, Dr. Angel.

[Angel] Good morning.

[Correspondent] What do you think about the agenda the government will present to the Congress after yesterday's second Council of Ministers meeting at the presidential building?

[Angel] I can talk about what I have received. Yesterday, I received the Protocol 2 proposal, which will be discussed urgently. The proposal is important for Colombia to abide by international agreements. Maybe the proposal can be helpful for the country's internal situation. Yesterday, I also received messages to discuss urgently a proposal on biodiversity, on which the country must try to quicken its pace and catch up with the rest of the world. The Council of Ministers has not yet handed in—at least I have not yet received them—several projects that President Samper will send to us to put in our social (?agenda). I am persuaded, however, that the nature of the proposals will mirror President Samper's pledges during the campaign. Therefore, as I supported him, I will also support the proposals that were announced yesterday.

[Correspondent] Dr. Angel, in the previous legislature, you were one of the sponsors of a proposal on the new Colombian television. Speaking on the Caracol network yesterday, the new communications minister, Dr. Armando Benedetti, said this proposal should be filed away and that his ministry would present a new one. Have you discussed the matter with him to determine any important differences between what you people presented and what was passed by the Chamber of Representatives and Senate commissions and what Dr. Benedetti will propose?

[Angel] I have not had the pleasure and satisfaction of talking to him. Of course, I look forward to the improvements that have surely been introduced into the proposal. Of course, the Congress is autonomous and does not depend on the minister. The Congress is self-governing. We returned the proposal to the commission at the request of the commission president. I honored this request, not only as Senate president, but as the proposal sponsor as well. It is necessary to determine whether the improvements are good enough to warrant

filing away the previous proposal and eventually putting at risk a new television law for the sake of regulations.

[Correspondent] Also as president of the Liberal Party's National Directorate, what do you think of the criticisms leveled at the National Directorate by some parliamentarians yesterday regarding this Sunday's plebiscite? You people have been blamed for the failure of a major portion of these consultations in most of the country's municipalities.

[Angel] Well, they were given the right information, telling them that the deadline to register candidates expired on 30 July. I assumed office as head of the National Directorate on 7 August. In other words, [words indistinct] seven days before we assumed office or were designated. Of course, we had to kill a process that had not yet been discussed or accepted throughout the country. There is evidence that to suggest that we acted for the good of Colombia. Of course, those who receive such information from our colleagues should get a sensible explanation.

[Correspondent] The Senate has been left without communications because the telephone bills have not been paid. The Senate owes close to 140 million pesos. What will the Senate do?

[Angel] I have learned that we owe the equivalent of six months, for the amount that you mentioned. The Senate has a serious budget problem. Just as hospital workers strike for lack of gauze and teachers strike for lack of payment, the Congress must rely on the finance minister's good will. A sufficient amount of money to meet the Congress' expenses has not been allocated. I suppose this is why the telephone bills have not been paid in the past six months.

[Correspondent] Does this mean that Minister Hommes' relations with the Congress were not so good after all?

[Angel] Apparently not because there seemed to have been many surprises and few pesos.

[Correspondent] As member of the party's National Directorate, what is your interpretation of the rebellion against the Council of State for the latter's failing to authorize the Liberal Party to have more members in the Electoral Council?

[Angel] I think the law is clear on this. The National Electoral Council should reflect the Congress' political composition. The Liberal Party holds more than 60 percent of the Congress. Under these circumstances, however, its participation is reduced to 40 percent. This evidently represents a minority. We have requested the reinstatement of the Council of State ruling, which, according to the law, stipulates the recognition of the country's political composition. By assigning to the Council of State four Liberal Party members, three Conservative Party members, and two opposition members, the country's political composition evidently is not being reflected. The National Electoral Council is

too important and vital an institution in the political scenario. The Liberal Party has every right to demand obedience to the law and the Council of State because this decision could also have political implications.

'Closed-Door' Meeting on Samper Peace Policies Held

PA1708203094 Santa Fe de Bogota Inravisión
Television Cadena 1 in Spanish 1730 GMT 17 Aug 94

[From the "National Newscast"]

[Text] The peace policies of the Ernesto Samper administration are facing their first test at the National Congress. The plenum of the Chamber of Representatives today summoned the government and defense ministers and the commissioner for peace. Luz Marina Giraldo has this report:

[Giraldo] A closed-door meeting at the plenum of the Chamber of Representatives just started. Government Minister Horacio Serpa, Defense Minister Fernando Botero, and High Commissioner for Peace Carlos Holmes Trujillo were urgently summoned. The representatives want to know all about the peace and human rights policies of the Samper government.

[Begin recording] [Representative Alvaro Benedetti, in progress] ...to explain to us what this program is all about, what resources we have, how it will be implemented, and what its implementation schedule will be. The situation is very critical.

[Representative Rafael Serrano Rueda] We also want to know aspects regarding the reorganization of the Armed Forces, issues that are not fit for public opinion but are fit for Congress. Undoubtedly, we will deal with delicate issues such as the black book on Colombia institutions circulating abroad. I believe these issues cannot be handled in the open. [end recording]

Samper Implements Program for Farmers, Rural Areas

PA1808042094 Santa Fe de Bogota Inravisión
Television Cadena 1 in Spanish 0000 GMT 18 Aug 94

[From the "24 Hours Newscast"—passages within quotation marks recorded]

[Text] President Ernesto Samper today implemented his government's second pilot program aimed at protecting and stimulating farm production. The social program, announced a few days ago, includes investments of 150 billion pesos.

President Samper today announced immediate actions to strengthen the economic situation of farmers, to improve living conditions in rural areas, to create 120,000 jobs, and to improve the marketing of national crops, while promoting competitiveness in the agro-industrial sector.

[Samper] "We will invest 30 billion pesos in rural housing this year, and 300 billion pesos will be invested over the next four years. We also have approved an emergency allotment of 6 billion pesos to create rural jobs in very critical areas."

Credits also will be granted through a Guarantee Fund for Agriculture [Fondo Agropecuario de Garantías], which will issue credits totaling 45 billion pesos, and through the Agrarian Fund, which will issue credits totaling 30 billion pesos, through the end of 1995. A program to redistribute land will finance investments of \$500 million, and 500 billion pesos will be earmarked for 1 million hectares. Small producers will be able to refinance debts through individual loans of less than 15 million pesos.

An agreement between farmers and industrial processing plants is expected to be reached within 15 days, and this will guarantee a market for wheat, barley, sorghum, corn, soybean, and coconut oil. Industrialists contributing to the plan will pay less duties.

Many people wonder where the money to resolve so many problems in Colombian rural areas will come from. National Planning Director Jose Antonio Ocampo explains:

[Ocampo] "Within 15 days we hope to have the budget allocations or adjustments to the 1994 budget, and these must be submitted to Congress."

Various associations today reacted cautiously to President Samper's announcements. Nevertheless, they gave him their initial support. According to representatives from various organizations, after four years of neglect, crisis, and poverty, there is finally an end in sight to the grave situation affecting Colombian rural areas. They added that this time the government is not turning its back on them.

Here is what Cesar de Hart, president of the Association of Colombian Farmers, and Miguel Uribe, president of the Federation of Cocoa Producers, had to say:

[De Hart] "I believe what the government is doing today is sending an important and clear signal to the farming sector."

[Uribe] "First, we must recognize the president's good intentions, as well as the fact that eight days after he assumed the presidency he has shown concern for Colombian farmers."

Although the announced program is good, some groups have already questioned it. Andres Restrepo, representing banana producers, said:

[Restrepo] "Unfortunately, in the area of banana production, nothing more than plans have been announced. The government has not clearly expressed its willingness to work in this field. We do not know how much money the compensation fund announced by the president will

have for this purpose. We are, of course, satisfied to see that there exists a desire to do something."

Meanwhile, Rafael Hernandez, president of the Federation of Rice Growers, said:

[Hernandez] "If there is no harmony in regional policy, we hope there are contingency clauses that can be applied until an agreement is reached in order to ensure a unified customs policy."

OIE Director Discusses Illegal Enrichment

Extent of Problem Viewed

94CA0141A *Santa Fe de Bogota EL TIEMPO* in Spanish 17 Jul 94 p 28A

[Unattributed article: "Newly Rich: 182 Officials"]

[Text] Illegal enrichment is on the rise.

The story of the customs appraiser who from one day to the next increased his personal wealth fraudulently from 4 million pesos to 180 million, and that of the judge who had a net worth of around 20 million pesos and, in less than six months, increased it illegally to 644 million, are no longer isolated cases.

Over the past three years, at least 11,961,292,707 pesos have found their way into the personal coffers of 182 public officials who have enriched themselves illegally; that is, who have increased their personal wealth in an unaccounted-for manner.

According to Ernesto Carrasco Ramirez, head of the OIE [Office of Special Investigations], in the Office of the Attorney General of the Nation, the figure of 11,961,292,707 pesos is but a minimum part of the total illegal enrichment of the 182 officials investigated.

"The actual figure may be four to five times greater. The problem is that it is impossible to prove the sum total of a person's illegal enrichment. Generally, we investigate until we have substantive proof of wrongdoing," says Carrasco.

One of the major difficulties encountered in trying to determine the total value of an illegally acquired wealth, Carrasco explains, is the existence of a vast flow of money that is being taken out of the country or invested in companies and corporations. Investigations of this flow of money by law-enforcement agencies is very difficult.

Over the past four years, the Office of the Attorney General has remitted close to 250 proceedings to the Supreme Court, the Office of the Public Prosecutor, and the old trial courts, to bring criminal charges against public officials for illegal enrichment.

Over the past three years, the Attorney General's OIE has instituted 182 referrals for this crime, and currently has 328 additional proceedings in the investigative stage.

Approximately 80 proceedings have been remitted to the agencies in which the investigated officials work, so that these agencies can conduct direct inquiries. The Attorney General's office exercises an oversight function over these files.

The investigations involving this crime have spanned practically every sector of the government.

The list of those who have been investigated, and whose respective wealth has been classified as having been, in part, illegally acquired, ranges from congressmen and deputy ministers to National Customs Office officials, Social Security officials, and members of the Armed Forces, and includes governors and mayors.

Even those called upon to set the good example—that is, officials of the judicial system and of the audit and monitoring agencies—have not risen above committing irregularities of this type.

The list of those investigated and allegedly found to have illegally acquired wealth includes judges and magistrates of tribunals, officials and ex-officials of the Public Prosecutor's Office, the National Comptroller's Office, and the Attorney General's Office itself.

The sums of individual enrichments also range broadly, from the official who increased his personal wealth by 3 million pesos to those who illegally enriched themselves by amounts of \$9, 68, 125, 148, 495, 644 million, and 1.1 billion and 1.2 billion pesos.

Investigation Termed Difficult

94CA0141B *Santa Fe de Bogota EL TIEMPO* in Spanish 17 Jul 94 p 28A

[Interview with Ernesto Carrasco Ramirez, head of the Office of Special Investigations, OIE: "Investigations of Illegal Enrichment"; place and date not given]

[Text] Two years ago, the then-head of the OIE [Office of Special Investigations], in the Office of the Attorney General of the Nation, had to be flown out of the country as a result of threats against his life.

At that point, the nation's attorney general, Carlos Gustavo Arrieta, appointed Ernesto Carrasco Ramirez head of that unit.

The OIE consists of two elite groups. One group investigates massacres and crimes related to the violation of human rights, and the other investigates illegal enrichment.

Over the past four years, the first of these two groups has instituted 102 referrals against public officials involved in violations of human rights, and the second group has handled approximately 900 investigations of illegal enrichment, 250 of which have resulted in formal charges.

EL TIEMPO talked with Carrasco on some aspects of the illegal-enrichment investigations.

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[EL TIEMPO] Why has the Attorney General's Office placed such emphasis on investigating crimes of this type?

[Carrasco] Illegal enrichment can be punished, under our penal codes, in the absence of findings or probative evidence of a primary crime. That is: If an embezzlement, a bribe, or an extortion cannot be shown to have taken place, the state's last available recourse is to show that the investigated person obtained an increase of personal wealth that cannot be accounted for.

In Colombia we have heard talk all our lives of bribery, graft, and the 10-percent kickback on contracts, but rarely is it possible for this type of investigation to yield positive results, because it is difficult to produce the diabolic evidence, the direct evidence needed to enable the investigator to identify and punish the culprits.

On the other hand, the investigation of illegal enrichment is a comparison of assets. It is difficult to carry out, but it is based to a great extent on allegations that enable us to obtain real evidence.

[EL TIEMPO] Is the incidence of the crime of illegal enrichment rising, or, on the contrary, declining?

[Carrasco] The conclusion to be drawn is that illegal enrichment and, in general, administrative corruption are phenomena that are on the rise. Economic or white-collar crimes are increasing daily.

Illegal enrichment has been rising and has been continually perfected by means of increasingly sophisticated techniques for breaking the law. Corporations are set up that are very difficult to penetrate, or the money is transferred to financial havens.

[EL TIEMPO] What then must be done?

[Carrasco] We must necessarily convince public sector agencies to tighten up their internal auditing, to put in place their own means of preventing the committing of acts against the government services, and to develop their response capabilities in terms of investigating and punishing their own officials.

Enforcement agencies, such as ours, cannot undertake all the necessary investigations, nor can we oversee the actions of every official. And that is an utter reality.

[EL TIEMPO] Is it not worrisome that this type of crime, like all crimes against the government services, continues to be investigated, in the vast majority of cases, on the basis of anonymous tips?

[Carrasco] Anonymity in a country like Colombia, where there is so much violence and corruption, has a necessary place in our reality. We cannot demand that our citizens perform heroic acts.

Of course, anonymity cannot in itself alone be the fundamental basis for opening an investigation. Many bits of data have to be verified and an effort made to

determine the reliability of the anonymous informer. That reliability is determined through a thorough sifting of the data provided by the informer.

[EL TIEMPO] What type of official is the most difficult to investigate?

[Carrasco] Officials who are highly placed and highly educated, because they develop more highly sophisticated mechanisms for breaking the law. A customs' appraiser will not have the mentality of a highly placed official with high-level public responsibilities, who operates in a circle in which the means of concealing his wrongful conduct are easily come by.

The more highly placed the official, the greater are the possibilities open to him for concealing his personal wealth.

Ecuador

Andes Bank 'Unexpectedly' Suspends Operations

PA1708041094 Paris AFP in Spanish 1748 GMT
14 Aug 94

[Text] Quito, 14 Aug (AFP)—The Andes Bank, which faces charges of alleged money laundering, unexpectedly suspended its operations in Ecuador on 13 August, claiming a failure of its central computer system. A local newspaper attributed the closure, however, to the refusal from several other banks to continue support for the increasingly larger withdrawal of funds.

The bank, whose manager is Rear Admiral Guillermo Duenas, retired, posted a sign blaming the closure on an alleged computer failure. This act sent a wave of uncertainty among its account holders, who lined up at the bank's weekend tellers. Fernando Casares, chief prosecutor of the nation, has said the institution is believed to be involved in money laundering activities.

The Central Bank gave the troubled bank credit for 26 billion sucres (\$13 million) so as to meet the wave of withdrawals triggered by the uncertainty of the judicial conflict facing the bank's management. The same organization was forced two weeks later to provide new credit for an equal amount.

Financial authorities called on the entire banking system last week to give emergency assistance to the Andes Bank. According to reports published by the daily EXPRESO, the Popular and Pacific Banks refused to participate in the "subordinate" credit plan. An unsustainable shortage of liquid funds reportedly caused the Andes Bank to suspend its activities.

The Association of Private Banks agreed to provide Andes Bank a special loan of 46 billion sucres (\$23 million).

The Andes Bank had no problems of solvency when the account holders began their run. The run on the bank was triggered by the image the bank acquired and the

resulting nervousness following the allegations made against Duenas. Duenas and his executive team were detained but released shortly thereafter.

Duenas later accused populist Deputy Fernando Rosero, president of the Legislative Commission on Drugs, of extortion and creating a scandal after the bank had allegedly refused to meet his demands.

The commission report was sent to the chief Prosecutor's Office. The prosecutor then ordered the arrest of Duenas and his executive board and threatened the judge who released them five days later.

Duenas reportedly laundered money for the Jorge Reyes gang, which is the strongest drug trafficking organization in Ecuador. The authorities seized in June 1992 properties, assets, and bank accounts worth \$2 million belonging to the organization.

Peru

APRA's Connection With North Korea Noted

94SM0441A Lima EXPRESO in Spanish 10 Jul 94 p A2

[Commentary by Manuel d'Ornellas: "Kim Il Sung and the Peruvian Connection"]

[Text] It is impossible to know whether or not the death of Kim Il Sung, the North Korean dictator, is a blessing for the cause of world peace. Because many analysts assume that the real warmonger in his coterie is Kim Jong Il, the heir of the former "great leader," who founded a system of dynastic communism that is unique in the world.

The megalomaniac Kim Il Sung died in his element, leaving the major powers, led by the United States, on tenterhooks because of his refusal to reveal his country's nuclear arsenal and his fierce threats to Washington and Tokyo, as well as his South Korean neighbors.

He constantly attempted to export Marxism-Leninism, which he had transformed into a confused and muddy concept, to every corner of the earth, Peru included. For years, "commercial representatives" from Pyongyang have been establishing supposedly cultural institutions in various parts of this country. To this end, they recruited prominent leaders of the local version of communism, and shameless men of letters wrote dithyrambic verses praising the elderly autocrat.

But the most effective promoters of the North Korean cause proved to be Alan Garcia and the APRA [American Popular Revolutionary Alliance] (one remembers the photograph of Carlos Roca wearing the unique North Korean uniform and standing beside Kim). The APRA government, despite the stubborn resistance of some of its historic leaders such as Luis Alberto Sanchez, granted him the diplomatic recognition that the regime in Pyongyang had been seeking for years. Sanchez is even

said to have been the author of the charge that Garcia received \$300,000 from Kim Il Sung.

Fortunately, the government of South Korea, a country with which we have long had important trade relations, did not fall victim to Garcia's provocation, and it did not break off relations with Peru. Thus the existence of "two Koreas" was accepted, just as earlier two "Germanies" had been. However, there is still unwillingness to recognize the Beijing government, where Taiwan is concerned.

Garcia took the place of the communist leadership as the helmsman of Kim Il Sung's Peruvian connection. To what end and at what price will probably never be known. We can hope that it will not be another of the time bombs he planted here and there during his progress through government.

Opposition on Fujimori's State of Nation Address

PY1708202894 Lima EXPRESO in Spanish 29 Jul 94 p A4

[Text] After listening to the president's message, Democratic Constituent Congress [CCD] President Jaime Yoshiyama yesterday said: "I am impressed by the great number of projects that have been executed throughout the country."

He added: "We must not forget that when President Alberto Fujimori came to power, Peru was bankrupt and his priority task was to curb inflation, defeat terrorism, promote international investments. Most of those objectives have now been fulfilled."

Legislator Enrique Chirinos Soto [Renewal Party] commented: "I enjoyed it; it was the best speech I have ever heard." He added that it was "unusual, colloquial, and descriptive."

He also commented that the most applauded part was when Fujimori delivered his ultimatum to the terrorists to avail themselves of the Repentance Law.

Chirinos believes that with this announcement President Fujimori has refuted "absurd charges" that he has become an ally of the terrorists.

Legislator Henry Peace Garcia (MDI) [Democratic Left Movement] was very skeptical about President Fujimori's announcements in the social field. He mused: "Why should we believe him now if no emergency plans have been implemented in the past four years?"

Peace recalled that, early in his mandate, Fujimori promised that large portions of the budget would be allocated for social projects, but this never happened.

"It has been business as usual," he commented, adding that the upcoming general elections "should bring a great change: these people (government authorities) should all be sent home."

Gloria Helfer, also of the MDI, announced that she was the only legislator to applaud Fujimori's announcement that new schools will be built. She demanded, however,

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that the government eliminate some articles of the Constitution that, in her opinion, "threaten free schooling."

Celso Sotomarino (PPC) [Popular Christian Party] said the speech was "untidy" and "only showed one side of the story. He did not say anything about the 85 percent unemployed people, nor about the underemployed." [sentence as published]

Sotomarino said the president has made significant achievements that must be acknowledged, such as those in the economic and pacification field, but he should not have chosen "only to talk about his achievements."

Yoshiyama on Constitutional Amendments

*PY1708200094 Lima EL COMERCIO in Spanish
31 Jul 94 p A4*

[Text] Democratic Constituent Congress [CCD] President Jaime Yoshiyama Tanaka said yesterday that the Habeas Data figure will be eliminated from the Constitution before the general elections in April 1995.

Yoshiyama said this first constitutional amendment will be a priority issue for the current ordinary period of sessions (August-December) as well as for the second period of sessions that will begin in January 1995.

He described the activities the CCD will carry out during its last year, saying: "We have always stated that we respect freedom of the press and expression. If the Habeas Data violates these two freedoms the country will be pleased to know we will eliminate it."

The Constitution states that any reform or amendment, no matter its scope, must be approved during two ordinary periods of sessions, in both cases by more than two thirds of the required total of legislators.

Two weeks ago the CCD approved the bill reforming the Habeas Data—the first amendment in less than a year since the Constitution was enacted—which means this draft reform is ready to be voted by legislators during the first plenary session scheduled for 3 August.

Members of the CCD executive board—which comprises spokesmen of all the political parties represented in Congress—will meet tomorrow to discuss the priority issues of the legislative branch agenda. The draft reform to eliminate Habeas Data will definitely be on that agenda.

Yoshiyama said another priority issue on the agenda will be the new Education Bill "which will clearly establish that education will be free of charge." Regarding the expiry date of the Terrorist Repentance Law—as announced by the chief of state during his address to Congress—he said the Presidency of the Republic has still not submitted the corresponding draft bill.

He stated, however, that he had no doubt it will be sanctioned expeditiously once the CCD has reviewed and ruled on the draft bill.

Yoshiyama explained: "The fact that this law will be derogated is a clear sign that the State is beating terrorism. When the president talked about using laws designed for times of war, he meant the Repentance Law will cease to be applied and that other laws on the entry of the Red Cross and the handling of prisoners will be applied. In other words, the law will be fully enforced against those terrorists who do not repent."

Regarding the elections, Yoshiyama Tanaka said Congress has drafted the laws submitted by the National Election Board with the sole purpose of guaranteeing openness in the 1995 general elections. He added that legislating against the participation by direct relatives of the acting president in the upcoming elections is "an act of openness."

He stated that he has no intention of running for reelection, neither as a legislator nor even as a member of the official presidential ticket.

"I have no political ambitions. I intend to resume my private activities on 29 July (1995)," he added.

Yoshiyama referred to the judicial branch and praised the performance of the members of the Disciplinary Board for Magistrates who are currently covering posts of the Lima higher court judges, to avoid the need for provisional magistrates.

He commented that the government did not interfere in the case involving CARETAS magazine director Enrique Zileri "because we respect freedom of the press."

'Repentant Terrorists' Assigned 'To Kill' Feliciano

*PY1708204494 Lima EXPRESO in Spanish 31 Jul 94
p A8*

[Excerpt] Alberto Valencia Cardenas, former president of the Pacification Commission of the now-disbanded Chamber of Deputies, told EXPRESO that under the Repentance Law, 100 Shining Path [SL] members have been released. They are expected to hunt down and kill terrorist leader Oscar Ramirez Durand, aka "Feliciano."

Valencia Cardenas said he obtained this information from "highly reliable" sources, adding that this strategy is "debatable."

Valencia said "the entire country would like the definite defeat of the SL but not through a policy that will later make us feel ashamed. We must not resort to the theory that the end justifies the means."

He asserted that some of these repentant terrorists who have been assigned to kill "Feliciano" have accused innocent people and even members of the peasant defense patrols of terrorist activities.

He reiterated that the Repentance Law is being used "immorally," which is "extremely serious." [passage omitted]

First Lady Accuses Unidentified Minister of Accepting Bribe

PY1708124994 Madrid EFE in Spanish 0131 GMT
17 Aug 94

[Text] Lima, 16 Aug (EFE)—Special Prosecutor Julia Eguia reported today that the first lady of Peru, Susana Higuchi de Fujimori, has expanded her report on a supposed case of corruption within the government, and identified one minister in President Fujimori's administration as having allegedly received a bribe.

The prosecutor declined, however, to reveal the name of the minister accused by the first lady in her second consecutive meeting with Higuchi at Government Palace in Lima, arguing that the investigation she is carrying out is secret.

"At least one minister has been identified," Eguia said upon leaving Government Palace, where she had been summoned by the first lady. She has been assigned by the National Prosecutor's Office to investigate the report made by Higuchi.

The wife of the Peruvian president said last week that a minister had received a bribe of \$100,000 to approve a project that she had rejected together with the same money, which was also offered to her.

On 15 August Susana Higuchi de Fujimori reaffirmed her public accusations, which were published on 11 August in remarks to a local magazine, in her first interview with the special prosecutor, from whom she requested a period of 10 days for gathering evidence.

The first lady also reported telephone "espionage" at Government Palace, saying that her communications system had been tapped and that the government information services act as "political police" to harass her and the people around her.

General Demands Joint Command Chief Replaced

PY1708185294 Lima LA REPUBLICA in Spanish
1 Aug 94 p 16

[Article by retired Division General J. German Parra H.: "Exclude the Commander, Not the Armed Forces"]

[Text] Once again the Armed Forces are the subject of public debate. Congressmen of various leanings have requested, at the CCD [Democratic Constituent Congress] Constitution Commission, that a clause banning the Armed Forces from participating in the 1995 elections be included in the new electoral law drafted by the National Election Board [JANE]. The argument for this request is that, within the state apparatus being used to ensure President Alberto Fujimori's reelection, the Armed Forces are being used for an electoral campaign in Fujimori's favor. Moreover, the commanders of the Armed Forces have publicly voiced support for Fujimori. For the same reason, Javier Perez de Cuellar has demanded that the Armed Forces be apolitical so that

they can fulfill their honorable duties free from any pressure exerted by the government, while some retired generals who were sentenced by the Military Court have criticized the politicization of the Armed Forces. This awkward position in which the Armed Forces have been placed is really regrettable. It merits some thought, for the sake of the Fatherland and the Armed Forces, despite possible criticism by those responsible or by those who haven't made up their minds.

It should be recalled that the Armed Forces are fully responsible to the entire nation, and not to those who are temporarily in command of them. Public respect for the Armed Forces is subject to the confidence they inspire through their full dedication to their duties. To mingle in politics would mean neglecting their sacred mission and distorting their nature as an institution that sets an example. As long as the Armed Forces serve the nation exclusively they will always enjoy the support of the Peruvian people, without exception; but if they engage in other activities they will become the target of criticism that will, in turn, make them the subject of public debate. The Peruvian Armed Forces, with the approval of their supreme commander, have experienced a process of politicization since Division General Nicolas Hermoza was chosen general commander of the Army and head of the joint command by President Fujimori, bypassing other generals. Let us recall his swearing-in speech; the support for the self-inflicted 5 April 1992 coup; and the deployment of forces against the CCD with the argument that the Cantuta crime was slander. Let us recall the Cantuta Law, which prompted another coup d'etat, this time against the judicial branch; participation in the campaign in favor of Jaime Yoshiyama's candidacy for the CCD, as was disclosed by Jose Barba; participation in the campaign for the yes vote in the referendum for a new constitution, which was made public by Henry Peace; and participation in the distribution of second-hand clothing, food, and photographs of President Fujimori.

The aforementioned explains the position of a group of legislators who proposed excluding the Armed Forces from the electoral process, because they cannot guarantee impartiality. I believe, however, that the legislators have made a mistake. The solution does not lie in excluding the Armed Forces, but in demanding the replacement of their commander. The institution is mistakenly being identified by its members. Personal mistakes cannot be solved by excluding the institution. To exclude the Armed Forces from the electoral process would be inappropriate for the country, and unfair for the Armed Forces. The Armed Forces must contribute to safeguarding the process with complementary actions of a logistical nature; without the Armed Forces, elections in the distant of regions of the country would be very difficult. It is not necessary to exclude the Armed Forces in order to guarantee impartial elections; what must be done is replace the current commander by someone who will guarantee a clear process by ensuring an apolitical institution. Otherwise, the threat of a coup will always exist, not after Fujimori wins, as Enrique Chirinos Soto

has stated publicly, but after he loses. Let us bear in mind that CCD President Jaime Yoshiyama justified the Cantuta Law, also known as the Chu law, asserting that he did so to prevent an imminent coup d'etat. In other words, those who hold power do not want to let go of it. This situation must be prevented by replacing Gen. Nicolas Hermoza Rios and former Captain Vladimiro Montesinos. In sum, we could say that this is all happening because we have a president-candidate.

Expert: SL-Government Cooperation Aimed at Election

94SM0432B Lima LA REPUBLICA (SUNDAY SUPPLEMENT) in Spanish 10 Jul 94 p 7

[Article by Carlos Tapia, expert on Shining Path [SL]: "The SL Leaders' Freedom and the Peace Agreement"]

[Text] Negotiations between the imprisoned top Shining Path [SL] leadership and the president's emissaries can no longer be concealed. Too many events and documents already known to the public reveal the existence of these negotiations, which was intended to be kept secret.

As is known, a series of concessions and actual demonstrations of good will have taken place between the negotiating sides in order to overcome natural mistrusts and suspicions.

It is toward this end that the first internal document prepared by Guzman and his group, which, together with him, is being held in prison, proposed use of the method of "convergent aims." That is, discussion and negotiation—with the presidential emissaries—of matters that will not compromise the ideology or political position of either of the parties but that are of specific interest to both. The mentioned document also stressed the need to be aware of "odd machinations" on the part of "the other hill." In other words, the taking of precautions against deceit or possible nonfulfillment by the emissaries, with respect to what is agreed.

This casts light on the endorsement accorded to the famous letters, on Abimael Guzman's specious commending of the measures instituted after the 5 April self-administered coup-d'etat, and on the terrorist leader's leaking of information to the other side, which even though limited, is being used to strike blows against the "Feliciano" group.

Besides, let us recall the facilities that Guzman and the principal leaders of his close entourage enjoy as part of their imprisonment conditions: Freedom to meet periodically, temporary transfers to other prisons so as to persuade the recalcitrants, access by the SL leaders to part of the SL's archives so that they can write their papers, communication with the outside world, within the country as well as abroad, etc....

And this is why, faced with the firm demand made by Henry Pease and Julio Castro that he shed light on the nature of the negotiations, Carlos Torres, uncustomarily,

had to abandon his own prior demand for a "withdrawal of their statements," which he had considered offensive. Pease had stated that Carlos Torres's declaration, aimed at involving the left in this devious and misnamed Peace Agreement, was a lie.

The fact is that government officialdom does not want to disturb the wasp's nest that explains the freedom of the notorious terrorists. It attributes that freedom to negligence or fear on the part of the faceless judges, whereas all indications point to its having stemmed from those "joint interests" referred to by Abimael Guzman.

Intermediate and top leaders of the SL who are for the Peace Agreement are being released selectively and assigned the mission of winning the still-unjailed SL rank and file over from the Feliciano group to the Guzman position. That is: They are to strengthen the "Abimaelite party," the prime mover of the Peace Agreement, and prepare it for its second debut, which certainly it will not seek to file with the National Board of Elections; nor is it imaginable that it would thrust itself into the electoral arena, for example, as an independent ticket. On the contrary, what the "Abimaelite SL" is seeking is to bring forces into its fold by positing the thesis that the situation compels the waging of a "bloodless war," pending a return of conditions conducive to resumption of the "policy of waging a bloody war," in the event of rule by a different government, for example, or with the advent of other more propitious conditions.

Despite its seeming implausibility, this also produces the faked captures of other SL members who while free have defended Abimael's position undercover, so that they can inform Guzman in detail on the situation of the struggle, thus enabling the jailed top leadership to draw up its new plans and campaigns in more refined detail. And concomitantly, the release from prison—attributable to the fable of intimidated judges—of other intermediate and top SL leaders with the mission of putting these plans and campaigns into effect. This too is being called one of the "convergent aims."

The errors being committed by those responsible for maintaining the secret nature of the negotiations are owing to the running out of time with the approach of the target dates set for the concretion of results. While the emissaries anxiously await Guzman's appearance on TV to exhort his followers to lay down their arms and deliver them to the authorities, Guzman continues demanding that the other side increasingly show practical evidence of good faith: that selected intermediate and top SL leaders be released from prison, for example, or that conditions inside the prison be improved to facilitate their party management work in relation to those outside the prisons.

But the emissaries' timetable is of an electoral nature. They would like Abimael's call for the surrendering of arms to serve as a prop of the reelection campaign.

Guzman is no idiot. He is fully aware of the fact that the maintaining of his current privileged situation depends

on a reelection victory. He also knows that to be able to appear on TV calling for his followers to disarm, the Feliciano faction must first be isolated within the SL. He cannot risk a continuation of terrorist actions following his call, as this would delegitimize his authority and his subsequent negotiating capacity. This is why in his letters, and in TV appearance several months ago, he has been careful not to call upon his followers to disarm, as we were misled into believing that he would. He now demands specific conditions, aimed at ensuring that the above does not happen; hence his demand that selected intermediate and top SL leaders be released, and his cooperation toward the capture of Feliciano.

He has also hardened his language in his internal documents, calling Feliciano a "revisionist" in the guise of an ultraleftist. In the SL tradition, as is known, when one is accused of being a "revisionist," he automatically becomes an irreconcilable enemy who must be liquidated at all costs, and with whom no understanding of any kind is possible. This is why Guzman compares Feliciano to Lin Piao, who was killed for that very reason by the Chinese who defended the cultural revolution.

And to bring it closer to home, Pedro Huillea, a leader of the CGTP [General Confederation of Peruvian Workers], was also assassinated as a "revisionist."

This clarifies what Guzman meant when he wrote the call for using the "convergent aims" of the "two hills" as a basis for achieving a successful Peace Agreement. It also explains Edmundo Cox's request to the director of prisons, Miguel Castro Castro, to facilitate his risky undertaking to propound a national reconciliation "without winners, and without losers."

It moreover clarifies also Carlos Torres's withdrawal of his demand that Henry Pease for his part disavow his calling Torres a liar, to which Torres had taken umbrage only a few days before. And lastly, it clarifies why the frowning minister of justice lashed out so biting at the diligent but loose-tongued public prosecutor for cases involving terrorism.

Editorial Decries Campaign Spending, Inequities

94SM0431A Lima LA REPUBLICA (SUNDAY SUPPLEMENT) in Spanish 10 Jul 94 p 14

[Editorial: "President Campaigning for Reelection With State Funds"]

[Text] This week, several voices of the opposition demanded once again the president's "descent into the arena" as a candidate for reelection, with strict adherence to rules. This notion has already been rejected by the governing party's majority in the Congressional Committee on the Constitution—could it have done otherwise?—and Engineer Fujimori's omnipresence here, there, and everywhere throughout the length and breadth of the country on costly tours, cost-free to him, has again placed him in the limelight.

The fact is that we are already witnessing a clear sample of what will be an absolutely inequitable electoral campaign, with a president who has state funds at his disposal, a ministry—that of the Presidency—at his service to arrange the spending of those funds to his liking, and no auditing body in existence to require an accounting for the use being made of those funds.

What is more, the notion of a combined presidency and candidacy—something the country has not known over the past 70 years since Mr. Leguia's dictatorship, warrants special treatment in the election laws. These laws must reflect a zealous concern for ensuring equality of conditions among the different aspirants to the presidency.

In a country with a presidentialist tradition, as ours is, the head of state is a fixture in the news media, a generator of news, and even a moderating influence over the news. Who then will be able to distinguish between the information disseminated by Engineer Fujimori the "president of all Peruvians," and that put out by Fujimori the candidate for reelection to the presidency? One would have to be a sorcerer, or the chief executive would have to transform himself into a kind of double-faced Janus that would notify us when such and such an announcement was made by him as president, and such and such another one as a candidate.

What is called for, then, is a requirement that the "descent into the arena" be in strict accordance with rules of equity, that the chief executive cease benefiting from his position as head of a government practically devoid of checks and balances. Evoking a past that is now somewhat remote, this would entail an action similar to the one practiced by the dictator Manuel A. Odria, who left his close friend Zenon Noriega in charge of the government for several months while he campaigned for reelection (It is to be hoped that the parallel would end here, since, as is well known, General Odria jailed his sole rival for the presidency, General Montagne). In the present case, the president's temporary replacement could be the president of the Congress, Engineer Jaime Yoshiyama, assuming he does not join the reelection campaign team.

If this "descent into the arena" does not occur, we can expect to see, in the coming weeks and months, a proliferation of the distribution of Japanese items of clothing in new villages and settlements, and of giveaways of computers, machines of various kinds, and other goodies, not all of them the proceeds from donations, inasmuch as the precedent of massive purchases of such items, with state funds, already exists in connection with previous campaigns.

In addition, it seems that not even the building of schools will be separated from the needs of this campaign. The new villages and settlements interested in having a school must "file their candidacy" supported by signatures with the nearest military circumscription. Then, each must assure the president of a favorable

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demonstration on the occasion of the laying of the first stone and on that of the inauguration of the school.

The compounding of the president and candidate roles tends to arouse suspicions of the worst kind. This is a case where the populist vein that abides in the heart of every Peruvian chief executive comes to an effectual understanding with the need to win an election.

The inequity could be combatted if we could count on the descent of the presidential figure into the political arena, or, in the absence of that descent, on strict legislation and the counterweight of an accounting requirement. But we lack both. And, as if that were not enough, we are up against a person in whose mind waging a political campaign with state funds is perfectly legal and normal.

One of the voids in the current electoral legislation is that it does not establish a specific campaign period despite the fact that, in theory, the convoking of general elections is scheduled for as early as 9 August. This undoubtedly explains the current presidential ubiquity, in a burst of activity that can only grow more intense if it is not bridled by specific rules set by the new National Board of Elections, which finds itself in the awkward but unavoidable position of having to supervise all aspects related to the process, and therefore to the political campaigns as well.

A bridling of the current campaigning would be an extremely healthy action indeed. If it is not done, the opposition candidates can take it definitely for granted that the battle for the presidency of the Republic will be an absolutely one-sided affair, because the side of the government-sponsored ticket will have going for it all of the resources that an incumbent president could possibly wish for, while on the other side, all of the opposition candidates will have to rely on their own resources.

There will be no lack of members of the governing party who will argue that, at least, no effort is being made to silence the opposition—a premise that has yet to prove valid. But resorting to such an effort appears totally unnecessary considering the many other also-illegal methods, such as gifts to the voters bought with state funds, and junkets throughout the country, which the other candidates can hardly afford to undertake. With resources of that nature and magnitude, the pulling effort that the opposition can exert can only be likened to that of an ant versus that of an elephant.

Nevertheless, and especially following the doubtless triumph of the No campaign, Fujimorism appears more decided than ever to invade all realms of our reality. Even at the cost of dragging the image of the presidency into the inevitable polemics generated by every campaign, with its no to the "descent into the arena."

But in that case, Fujimorism will have to admit that it is to blame, for having asked for it. One cannot claim to be a player in a game, and at the same time its linesman,

referee, and controller of the ball. Not even when one has absolute power devoid of all accountability and oversight of its use.

Venezuela

Minister on Haitian Initiative, Ties With Iran

PA1808010494 Caracas EL UNIVERSAL in Spanish
17 Aug 94 p 1-15

[Text] The Foreign Policy Commission of the Chamber of Deputies has expressed its confidence in and support for the government's initiative to reach a peaceful resolution to the current situation in Haiti. German Monzon, president of the Chamber of Deputies, announced this acknowledgment after concluding a working meeting attended by Foreign Minister Miguel Angel Burelli Rivas.

The meeting, which was held on the afternoon of 16 August at the former headquarters of the Supreme Court of Justice, was attended by a majority of the deputies who make up the commission. During the meeting, Foreign Minister Burelli Rivas discussed several current topics, specifically the situation in Haiti, relations with Iran, and Venezuela's position on the new Law of the Sea.

Referring to the situation in Haiti, Foreign Minister Burelli Rivas said, "Venezuela applauds the initiative by the UN secretary general to send a mission to Haiti to seek a peaceful solution to the country's political situation, and we should contribute to the success of this initiative."

He added, "The initiative proposed by the Venezuelan Government inspired this initiative by the UN secretary general. Such has been the influence of the Venezuelan initiative, because pressure emerged from all quarters in favor of seeking a peaceful settlement." Burelli also said the government was very pleased because never before has anything of this sort happened following such a radical resolution by the Security Council.

Burelli explained that it is not known whether the United States disagreed with the Venezuelan initiative. He added: "We did not ask anyone for permission to act, because we believed we did not need to. The United States has never expressed any dissension to us."

He noted that Venezuela has advanced several proposals to the conflicting parties, all of which are designed to help restore democracy. The first proposal stressed the need for Haiti's military leaders to surrender power. The second proposal called for the constitutional president of Haiti to appoint a prime minister who is acceptable to all Haitian sectors. The third proposal called for the consideration of a general amnesty by President Aristide as compensation for the military's surrendering of power. Fourth, an electoral process should be convened to achieve the primary goal—namely, the restoration of democracy.

As for Venezuela's position regarding the International Convention on the Law of the Sea, Burelli Rivas indicated: "This convention will come into force on 16 November and Venezuela must define its position. This will not be easy because, although no country is entitled to introduce additional provisions, Venezuela has noted the fact that the industrialized countries have not ratified the convention. Looking at the list of countries that have ratified the convention, nearly all of them are from the Third World, with the exception of Brazil. Venezuela's position is that if Part 11 of the convention—the part that deals with exploitation of the ocean floor—is implemented with the technology to do this being available only to developed countries that do not belong to the convention, things will not go well in exercising the rights of the sea."

Our country has asked that an extension of the original preparatory commission be considered, and now we are being rushed because, during a meeting in July, Venezuela assumed an ambiguous position and abstained when it realized that conditions did not exist to advance our proposal to extend the preparatory commission and not implement Part 11 of the convention, he explained.

He added: "Venezuela's reservations also center on the convention's definition of what an island is and the delimitation guidelines for islands. These are bilateral issues that do not concern the entire membership of the convention, which does not affect the specific situations of countries involved in ongoing border negotiations."

Referring to the topic of relations between Venezuela and Iran, he indicated that they have not been altered at all. He said: "Our relations in OPEC have not been affected, either. The incident that took place is rather common within the diplomatic arena, and I have received good messages from Iran. At the end of August, I will meet with the Iranian ambassador at the United Nations. The ambassador will meet with me in an attempt to improve relations with Venezuela, and we will welcome him."

Foreign Minister Miguel Angel Burelli Rivas was accompanied by several members of his diplomatic team: Ambassador Roy Chaderton Matos, director general; Minister-Counselor Olga Jacome de Agudo, director of the minister's cabinet; and Luis Moreno Gomez, sectoral general director of information and opinion.

Finance Minister on Temporary Control Measures

PA1808022894 Caracas EL UNIVERSAL in Spanish
14 Aug 94 p 2-1

[Interview with Finance Minister Julio Sosa by Carlos Croes; place and date not given]

[Text] [Croes] How long will the temporary control measures last?

[Sosa] I would like to see them change some time this year and, as in Europe, we could have controls only to curb the flight of capital.

[Croes] Why does the process get so complicated?

[Sosa] Based on the Recadi [Differential Exchange System] experience, the president appointed a group of very honorable people to manage the system. But they did not have much experience in this type of problem and were understandably very cautious during their first week on the job, as they wanted to get their bearings on the task assigned to them. At the same time, banking officials were given some responsibility in the process. It is not, as several people have said, that there was sabotage within the banks.

[Croes] Then there was no such sabotage?

[Sosa] No, not at all.

[Croes] In any case, there are threats of shortages and businessmen are uncertain. Now we have the recently accepted resignation or removal of Pulido Mora. What happened?

[Sosa] What I think happened with Pulido Mora was that he was set on designing a system that would cover a very long period of foreign exchange shortages. What we need is a quick system that will allow the country to import all the raw material it requires for its industry as well as goods not produced in Venezuela. If we have enough foreign exchange to buy this and service the public and private debt, we need not be so strict in the priority given to a specific item or that item A have priority over item B because we have enough foreign exchange to cover both items.

[Croes] What is the current foreign exchange rate?

[Sosa] I believe 170 is close to the real parity value. This is based on the following: Recently I went to Bogota and several people told me the real parallel dollar market was in Miami where many transactions were being made at 195 bolivares and, if one was not in a big hurry, you could have dollars for 185 bolivares. That is 10 to 15 percent over the value on the controlled market, which is quite normal.

If we would have maintained a parallel market here, the same destabilization factors that still exist would have placed the dollar at over 200 bolivares. This would have created unrest.

[Croes] Are you planning to have a dual exchange rate?

[Sosa] No, I do not think so. As I told you before, as of next year we should have exclusive control over capital flight. We are now studying a procedure between central banks so that, for example, in our trade with Colombia we do not have problems getting foreign currency. What we must be careful about is certificates of origin, to prevent merchandise manufactured in Miami or Panama being represented as made in Colombia.

[Croes] Aren't these measures inflexible? The bankers complain that all the responsibility falls on them. In the

meantime, at Maiquetia dollars are being taken away from travelers. Is that allowed?

[Sosa] What is happening at Maiquetia is simply abuse. There is no reason for this. In this regard the government is very clear, and it is advising the people of their rights.

If you leave the country you have the right to get \$4,000. If you leave \$2,000 at home, there is no reason why you should be prevented from traveling with \$2,000.

[Croes] Do you put dollars away?

[Sosa] No, I don't do that.

[Croes] Are hotels prohibited from changing tourists' dollars?

[Sosa] Abuses are also being committed in this. Hotels are obliged to change tourists' dollars and then turn these over to the Central Bank.

[Croes] Why is that hard-line attitude maintained with the industrialists and why is excessive responsibility placed on the banks?

[Sosa] All responsibility is not being placed on the banks; they each have their share of the quota. What occurs is that the system is too complicated; it must be simplified. This week we are going to do this so that there isn't a shortage.

I have suggested that we could import through Bariven when there is evidence of a shortage of specific products. But that would be only for extreme cases.

[Croes] How can the system be simplified?

[Sosa] For example, sometimes companies are asked to present their records of imports for the last five years; many companies no longer have these on hand. I think this can be resolved by checking on what they have imported in the past 12 months. Meanwhile, I do not see why a notary public must always certify a series of companies, since the publication of the company's registration in the OFFICIAL GAZETTE will do. When all these small details are added up, you find that they obstruct the process. I believe the Board has defined the problem and is trying to resolve it.

[Croes] How can the cases of sick people who must travel abroad be simplified, since they cannot receive the medical attention they require here in Venezuela?

[Sosa] There are regulations for business trips, and I suppose that special regulations should apply for these situations.

I cannot respond specifically to that question because I do not know what the regulations are for those specific cases. I am certain it depends a lot on the Venezuelan doctor's diagnosis.

[Croes] Is there any hope that the situation will improve?

[Sosa] It has to improve, otherwise we run the risk of a shortage. It is not imminent, but it could occur.

[Croes] The tax law implemented by the government is higher than the announced VAT [value-added tax]. Now, a tax has been added to a bank debit, there has been a change in the income tax, fuel prices have been raised, there's the luxury tax, and so on. How can you explain this?

[Sosa] What happened with the VAT was that it was not applied as it should have been. If the tax on debits had been levied in 1993, it would have passed and speculation about the VAT would have been avoided. This occurred because the VAT was not applied when it was implemented. It was a shame, because this should have been done from January. The change we made does not include a consumer's tax; however, the tax on luxury items was raised. For example, cigarettes, drinks, 10 plus 10; caviar, salmon, vehicles costing over 3 million bolívares, 10 plus 20. A tax was applied on luxury items and on wholesale merchandise. That wholesale tax is applied to merchants who sell 1 million bolívares a month.

[Croes] Isn't that an exaggeration?

[Sosa] Well, it is not levied on small shops and grocery stores. What occurs is that some individuals abuse this by raising the prices of the products when that tax should be charged to their costs.

[Croes] Some restaurants charge luxury tax.

[Sosa] They cannot do this. Not even a five-star hotel has a luxury tax. They should apply their tax, as all taxes are, to their overall costs. What they cannot do is pass it on to the customer.

[Croes] Why do credit card holders have to pay up to three times?

[Sosa] That is something else. That is the effect of the debit tax. When a person makes a deposit and then withdraws that deposit, he pays. If another person redeposits that money, naturally he pays again. But the effect of this tax is relatively mild, that is, 0.75 percent.

[Croes] But everything follows on something else.

[Sosa] With the deficit problem that this government inherited, it would have been very serious if we had not levied this tax.

[Croes] Is the government going to extend the life of that tax?

[Sosa] No. Remember that the Special Powers Law says it will be in effect until 31 December.

[Croes] It seems like the government likes this tax, and I have the impression it will insist on extending the tax.

[Sosa] I am going to speak frankly. If this tax is particularly low, for example 0.25 percent, I do not think it will

have a negative effect on the economy. Nonetheless, there are no plans to extend it.

[Croes] When is the government going to definitely increase the price of gasoline? EL UNIVERSAL said one week ago that it was a fact that the price of gasoline was going to be increased in September, and it discussed a figure of 12 bolivares. Later, someone using the EL UNIVERSAL report as a basis said that the price would be set at 14 or 15 bolivares. What is really going to happen?

[Sosa] We are carefully studying the issue of fuel with an eye toward a subsidy for collective transportation and a hike in the transportation bonus. This transportation bonus is for those who earn up to four minimum wages. This bond will be also available for those earning up to seven minimum wages, that is, 105,000 bolivares per month. This could compensate for the hike in the price of gasoline. This would be acceptable.

What would not be acceptable would be a tax that did not take into consideration who it is that uses collective transportation, who are the poorest people and those with a small commuter car, that is, somebody earning less than seven minimum wages.

[Croes] What is really going to happen? Will the government intervene in more banks? What can depositors expect?

[Sosa] We are trying to reestablish confidence. What happened with Banco Latino, the second largest bank in the country, was traumatic. Then, in order to face the crisis in other banks, we designed an assistance program. This system is actually for liquidity problems, not insolvency, which was definitely the problem with the other banks. That created problems of excess currency in circulation and the flight of foreign currency. That was what led to the exchange controls.

The last crisis was in the most important banks. The Banco de Venezuela was, after all—as the people said—the Banco de Venezuela. This bank was turned over to state control. Apparently there are foreign groups interested in purchasing it. It is already operating normally, and it cost the nation only one-fourth of what it would have cost to continue under the old system. On the other hand, there is cooperation among shareholders in banks. I must admit that in the case of the Banco Consolidado and Banco de Progreso, Alvarez Stelling and Castro issued guarantees that were not bank assets. They staked their personal assets; this is a different and praiseworthy stand by these gentlemen. This is how their banks will continue serving the community normally. This crisis is less traumatic.

[Croes] Can depositors be sure that their accounts of more than 4 million bolivares will not have problems? The state is already guaranteeing up to 4 million bolivares.

[Sosa] Evidently yes. The government has not intervened in these banks. These are normal banks; they are fully operational.

[Croes] In general, the entire system is calm?

[Sosa] The eight banks in which the government intervened some time ago are going to be liquidated. In the case of the Banco Andino, the Banco Industrial took over the shares. Eventually, it will return to private sector. The Banco Latino and the Banco de Venezuela will be privatized.

[Croes] What is the role of the Superintendency of Banks?

[Sosa] It is already playing its role, and it has subjected the banks to the so-called acid test, which goes beyond international demands on the matter. Meanwhile, during this government's term, the banks' contributions to Fogade [Deposit Guarantee and Banking Protection Fund] has quadrupled, thereby strengthening Fogade.

[Croes] Will the state lose the subsidies?

[Sosa] Estimates indicate the amount that will be lost is much less than previously thought.

[Croes] In the past, the Lara, Sociedad Financiera Lara, and the Finalven savings and loans banks were subsidized, and their credits were well managed. These banks are currently operating as usual, efficiently and strongly.

[Sosa] Their situation was different; it did not reach the scope of this crisis. What we must explain is that turning to Fogade does not mean the bank is bankrupt.

[Croes] The United States has objected to the foreign exchange controls and is complaining about the suspension of guarantees. Will the government negotiate with the IMF, where the U.S. Government's opinion is crucial?

[Sosa] Several officials from the U.S. Government, the Ex-Im Bank, and the White House were there. In principle and within the framework of this globalization of the economy the world is currently experiencing, which I hope is for good and which we will not see because we will not be here, we will be in the East or in the South within 30 years. Let us begin with the assumption that this globalization can bring more social justice to the world. They do not feel at ease with certain systems that are not in fashion, to use a modern term. But reality shows us there are emergency cases, as is the Venezuelan case, in which this type of measures must be adopted. If the measures were permanent, they would position us outside a worldwide current. But we have already said this is a temporary emergency situation.

[Croes] Is there a limit on the reserves needed to reverse the foreign exchange controls?

[Sosa] So far, we have recovered \$1 billion in reserves. Of course, there is less supply, but there has also been less capital flight in the last six weeks.

[Croes] What about the company closings, collective vacations, the uncertainty?

[Sosa] There has always been collective vacation. There is no relation whatsoever between one thing and the other. We must expedite the system. Venezuela will have a large volume of nontraditional exports, which will amount to \$4 billion this year. Oil income will total \$12 billion. We need approximately between \$7.5 and \$8 billion for trade. As for the country's foreign debt, we have \$3 billion to pay the public foreign debt, and we still have a surplus to pay the private foreign debt, which is rather large. The Venezuelan debt currently amounts to \$30 billion.

[Croes] Does each Venezuelan owe \$2,000 then?

[Sosa] Let me calculate it.

[Croes] Are you counting like an economist or as an engineer?

[Sosa] As an engineer.

[Croes] Then, how much does each Venezuelan owe for the foreign debt?

[Sosa] About \$1,000 each.

[Croes] What will we do with the surplus in the oil income generated by the increase in oil prices?

[Sosa] We will pay the debt.

[Croes] Doesn't this contradict Dr. Caldera's promise made within the assessment of the Church's social doctrine? How do we explain to the starving majority the use of these funds to pay the foreign debt while our services are not working properly? Couldn't we just ask the banks to be more understanding?

[Sosa] I do not believe we will sacrifice social programs to pay the foreign debt. I believe we must be more efficient to recover a large percentage of the expenditures, thereby being able to comply with the commitments we unfortunately made and to finance the social programs.

[Croes] How do you measure this efficiency?

[Sosa] For instance, there is no reason why if Caracas has potable water supplies I should have to spend three days of the week without water at the ministry.

[Croes] It takes years for water to reach the parishes and neighborhoods.

[Sosa] Another example. When I came here I was about four years old, and there was a chain link fence on the square between the two buildings of the Simon Bolivar Center and a garbage dump in the middle. It isn't there anymore; now that is efficiency, and it cost nothing. Social programs are important, but it is not a matter of implementing them; we want people to have access to a better life, more security, and better schools. Some 100 billion bolivares have been earmarked for the implementation of social programs.

[Croes] How much longer will it take to solve the crisis?

[Sosa] We will end this year with a negative growth rate, and we will experience slightly positive growth next year. But we will have a balanced economy by 1996.

[Croes] One U.S. expert came to Caracas a few days ago and questioned your economic program. He said horrible things about it, adding that history will regard it as nonsense.

[Sosa] I believe a qualified doctor must check him, because seven weeks ago, he said something entirely different from what he said now. I did not see anything that bad happen in seven weeks.

[Croes] What were the changes?

[Sosa] Do you realize we have changed from an economy 80 percent dependent on oil to one in which oil revenues represent more or less 45 percent and other revenues represent 55 percent? This is a dramatic change that people have failed to recognize. I believe that as Venezuelans become aware of this fact, they will be proud of being Venezuelans. Why do other people in the world think that if Venezuela has somewhat unstable oil prices, it means we are horrendously bankrupt and always crying?

[Croes] Returning to the Banco de Venezuela case, prior to intervention by the state, the bank released a financial statement indicating 7 billion [currency not specified] in net profits, a record. Respectable auditing firms signed this statement. Suddenly, the bank's stock is worth one bolivar. What happened? Were they really worth that or was there a criminal hand interested in charging a bill to Banco de Venezuela's depositors? People are even saying that all this incident is nothing more than the so-called "Bermudez's revenge."

[Sosa] That's totally absurd. As I said earlier, this bank is in state hands and will be sold to a foreign group. Let us hope the stock owned by the state will be sold to a group of 8,000 to 10,000 stockholders, as was the case previously. Suddenly, the bank had 7 billion in net profits while dragging a 55-billion loss; then suddenly the bank is losing 48 billion bolivares. Strict audits have been performed to uncover the source of the discrepancy; these profits are sometimes the result of asset appraisals.

[Croes] Will we have more taxes?

[Sosa] No, but I will ask Congress to eliminate tax relief on income from rent. I do not think there are people paying 5 million bolivares in rent—maybe one or two, possibly foreigners. That figure is absurd and must be reduced to manageable figures. The same goes for certain inflated tax relief on interest on primary home mortgages.

[Croes] Is it difficult for an engineer to manage the economy of a country?

[Sosa] Let's say it is innovative. Economists give us all sorts of choices.

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